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NEWS SUMMARY

GENERAL

30 hurt by cafe blasts in Belfast

Eleven people, including a nine-month old baby were in hospital in Belfast last night after two city centre bomb explosions in which about 30 people were injured. The blasts were close to the Army's headquarters in Royal Avenue.

The bombs went off at lunchtime in two crowded cafes. Although the Provisional IRA claimed that a 10 minute warning was given, security forces said it did not reach them until after the explosions.

At Lisnaskea, Co. Fermanagh, an Ulster Defence Regiment patrol has found 1,300 lb of home-made explosives. Irish Republic's arms industry. Page 8

Death penalty

According to a Gallup Poll finding announced in last night's BBC television Man Alive series programme, A Life for a Life, 89 per cent. of the British people want the death penalty restored for terrorists.

Israeli artillery aids Christians in Lebanon battle

Palestinian and Lebanese Leftwing forces appeared to have recaptured the southern Lebanon village of Taybeh after heavy fighting almost a week after it was stormed by Christian militiamen to consolidate their enclave along the Israeli frontier. Israeli artillery fired across the border yesterday in support of Christian forces. Page 7. From Cairo, Egyptian authorities said they had foiled an attempt by Lebanese smugglers to land one ton of hashish west of Alexandria. In Washington President Sadat of Egypt raised the question of the Palestinians becoming "a community." Page 7

Barbara Castle to retire as MP

Mrs. Barbara Castle, Secretary for Social Services in the last Wilson administration, is to retire as Labour MP for Blackburn at the next General Election. Mrs. Castle, who is 65, was first elected to Parliament in 1945. Page 18. The by-election for the late Mr. Anthony Crosland's Labour-held Grimsby seat is to take place on April 28.

Thatcher tour

Mrs. Margaret Thatcher has delayed her departure for the China, Japan and Hong Kong to-day so that a special meeting of the shadow Cabinet can decide party tactics over the forthcoming Government legislation on direct elections to the European Parliament. Back Page

Ban cigarette advertising—MPs

A ban on cigarette advertising, except at sales outlets, is among recommendations made yesterday by an all-party Commons committee on preventive medicine. The committee would also like to see vending machines placed where children cannot reach them. Page 11

Briefly . . .

Mr. Peter Shore, the Environment Secretary, has agreed to further talks on Mentmore Towers following extension of the deadline to save it for the nation. Page 18

Mr. Fergus Montgomery, 49, Conservative MP for Altrincham and Sale and former Parliamentary Secretary to Mrs. Margaret Thatcher, entered a plea of not guilty in a London court to stealing two books worth £8.90.

General Foods of the U.S. is to introduce a beverage made from a blend of green beans and natural grains with a "smooth mild coffee flavour" which is much cheaper than coffee.

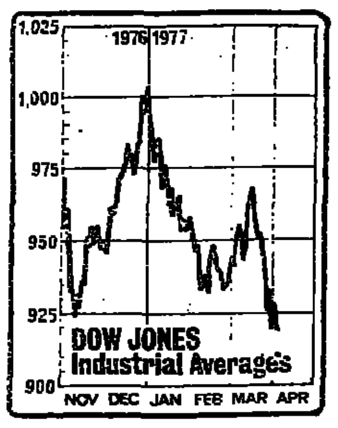
The Federation Cup women's international team tennis championship—it returns to Britain for the first time since 1963—is to take place at Eastbourne, Sussex, from June 13-18.

At least 748 people died and 1,000 were injured in last Friday's tornado in Bangladesh.

BUSINESS

Wall St. falls to low for year

● **WALL STREET closed down 11.80 at 915.56, the lowest point so far this year.**



● **EQUITIES drifted downwards. The FT 30-Share Index lost 6.9 to 405.6 while the All-Share was 1.4 per cent. lower at 170.91. Turnover in March rose by £0.4bn. to £1.9bn., the highest since the April 1975 figure of £2bn. Page 36**

● **GOLD rose $1½ to $150¾.**

● **GILTS continued to decline, with falls in longs ranging to 1½ and in shorts to ¾. The Government Securities Index dropped 0.69 to 69.86 for a two-day loss of 1.10.**

● **STERLING gained 2½ points to $1.7197½; its weighted index improved to 61.9 (61.8). The dollar's weighted depreciation narrowed to 0.71 (0.84) per cent.**

● **U.S. TREASURY Bill** rates: threes unchanged at 4.54 per cent. sixes 4.83 (4.82).

● **FINLAND** last night devalued the Finnmark by 5.7 per cent. **Page 5**

New foreign currency bonds

● **FOREIGN** official holders of sterling are being offered generous interest rates to switch their holdings into the new foreign currency bonds. **Back Page and Parliament, Page 18**

● **GEC'S** subsidiary Telephone Cables has won a £104m. contract for supplying a telecommunications network in Northern Nigeria. **Back Page. Nigeria** expects a budget deficit of £2.3bn. next year. **Page 7**

● **ITALIAN** banking crisis could be provoked by the problems of the country's largest property and construction group, Societa Generale Immobiliare di Roma. The company's debt is understood to total L.500bn. (about £333m.). **Page 27**

● **USINOR,** France's leading steel company, is to reduce its workforce by more than 3,700 this year. **Back Page. United Steel Workers Union of the U.S.** is believed to be some way from agreement on a new three-year wage contract with 10 major steel companies, despite Thursday's deadline. **Page 6**

● **BABCOCK and Wilcox Inc. of the U.S. is seeking a Federal injunction in Akron, Ohio, to block United Technologies' take-over bid. Page 26**

COMPANIES

● **GLAXO Holdings** first-half pre-tax profit rose to £39.25m. (£28.09m.) on increased sales of £237.1m. (£190m.). **Page 23 and Lex**

● **OCEAN TRANSPORT and Trading** pre-tax profit for 1976 rose to £41.2m. (£22.58m.). **Page 23 and Lex**

● **MERSEY DOCKS and Harbour Company** made a trading profit of £5.18m. last year for the first time since the company was set up in 1971. **Page 10**

● **RUGBY PORTLAND Cement** pre-tax profit for 1976 rose to £12.49m. (£11.31m.). **Page 24 and Lex**

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

RISES		
Boosey & Hawkes	93	+ 10
Dorada	321	+ 31
Gallenkamp	365	+ 40
Gambro Life	213	+ 3
Highgate & Job	66	+ 4
Morris (H.)	259	+ 9
Rotork	112	+ 8
Scottish TV A	57	+ 3
Oil Exploration	101	+ 3
Colby Mines	59	+ 8½
Yukon Cons.	156	+ 6
FALLS		
Treasury 3% 1979	£91⅞	− ⅛
Treasury 13% 1990	£107⅞	− 1
Assoc. P. Cement	173	− 7
Bank of Scotland	248	− 7
Bassett (George)	85	− 7
Bowater	190	− 6
Caird (Dundee)	35	− 7
Denbyware	83	− 9
Gill & Duffus	191	− 5
Glaxo	465	− 18
Guardian Royal Exch.	186	− 7
GUS A	215	− 6
Hawker Siddeley	508	− 6
Haslemere Estates	180	− 4
Hunting Assoc.	115	− 3
Land Secs.	167	− 4
Lucas Inds.	238	− 6
Matthews Wrightson	226	− 14
Morrison (Wm.)	130	− 5
Phoenix Ass.	206	− 6
Rothschild Inv.	249	− 9
Sunley (Bernard)	150	− 4
Tate & Lyle	254	− 8
Tube Invs.	384	− 8
Shell Transport	488	− 7
Woodside-Burmah	57	− 6

Owen offers fresh conference to end Rhodesia deadlock

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

Dr. David Owen, the Foreign Secretary, is to propose that Britain should convene and chair a conference to draw up a constitution for an independent black-ruled Rhodesia when he meets black and white leaders in Southern Africa next week.

The conference, to which African and white Rhodesian leaders would be invited, is the centrepiece of a new British strategy which, it is hoped, will break the deadlock on Rhodesia caused by last January's collapse of the Geneva conference.

The embryo strategy, which would leave discussion of the most contentious issues in Rhodesia to a later stage, is being backed by Mr. Cyrus Vance, the U.S. Secretary of State, with whom Dr. Owen discussed it in detail in London last Friday.

He is expected to put the idea of a constitutional conference to the Presidents of four of the five frontline African States, the South African and Rhodesian Prime Ministers and Rhodesian African leaders when he is in Africa next week.

Dr. Owen's purpose in proposing a constitutional conference, as distinct from a conference to discuss interim arrangements for the rapid transfer of power from the white minority Government to the African nationalists, is to try to avoid the pitfalls of the plan devised by Dr. Henry Kissinger—and since rejected by the front line States—and the subsequent British-chaired Geneva conference.

In Geneva, Mr. Ian Smith, the Rhodesian Prime Minister, did not appear ready to cede power, and thus evoked the distrust of the nationalists, while the nationalists themselves were rapidly getting involved in an inter-African contest for power in the interim Government.

While most observers of the Rhodesian scene remain highly sceptical of the possibility of a negotiated settlement, it is argued in London and Washington that some new effort must be made in Rhodesia if the momentum once achieved by the Kissinger plan and Geneva conference is not totally to be dissipated.

Argued

It is also hoped that discussion of a constitution would be less divisive than discussion of the immediate transfer of power. This question would only be broached if agreement was first reached on an independence constitution.

Details of the constitution itself would come up only at a conference. Subjects to be discussed would include such matters as whether Rhodesia would be a Republic within the Commonwealth or would have an executive President or be a multi-party State, as well as more controversial elements like entrenched rights, whether for a minority or the population as a whole.

While a great deal will depend on Dr. Owen's discussions in Africa, the U.K. Government would like to be able to announce agreement in principle within a month or so, and to have a conference convened, either in London or elsewhere, in June or July.

Clearly it would be an advantage for Mr. James Callaghan to be able to tell his Commonwealth colleagues when they meet in London in early June that Britain is taking its responsibilities towards Rhodesia seriously.

But while the aim of the new Anglo-U.S. strategy is to try to achieve a break with the past, it is recognised in both London and Washington that the odds are still heavily stacked against a successful settlement in Rhodesia.

The Foreign Office continues

Continued on Back Page

Healey home loan hint as petrol rise is approved

BY RICHARD EVANS, LOBBY EDITOR

MR. DENIS HEALEY, Chancellor of the Exchequer, last night put the strongest pressure on the building societies to reduce their mortgage rates next week when he wound up the debate on the Budget.

"I think the whole House can now rightly look to the building societies for a reduction in their interest rates next week while maintaining that reasonable levels of spending."

The Chancellor said mortgages should be cheaper and easier to obtain in a fortnight's time.

Mr. Healey was speaking shortly before a division at the end of the four day Budget debate ensured that the proposed 5p increase in petrol duty went through safely thanks to Liberal abstentions.

But the result, a Government win by 290 votes to 281, showed that without the Liberal abstentions the resolution on petrol, derv and heavy duty fuels would have been lost.

Liberal MPs backed away from opposing the increase in petrol duty but pledged themselves to force its repeal later in the session.

Their decision to abstain, taken under pressure from Ministers and because of the administrative chaos which would have followed a Commons defeat, leaves them in an exposed position.

Mr. David Steel, the Liberal leader, stressed in the Commons that the party's 13 MPs would continue their opposition to the extra petrol duty during the committee stage of the Finance Bill. They intended to table amendments which would restore the pre-Budget position.

The Liberals believe that when the petrol duty is debated in May or June it will be rejected by a combination of Tory and Liberal votes. Their confident estimate is that the duty, which raises the retail price of petrol by 5½p, will come off in June.

The decision to oppose the petrol and derv duties was taken last Wednesday. Leading Liberals said last night the party was at no stage committed to voting against the Budget resolutions.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, gave no hint when he spoke during the debate that the Government would be prepared to meet the Liberal case. He expressed sympathy for many people living in rural areas faced with high fuel costs but promised no more for the Liberals than "the fullest discussions to meet the very real troubles and grievances that exist."

In addition to considering any amendments to the Finance Bill Mr. Lever said Mr. William Rodgers, Minister of Transport, would take their views on the need to help rural communities into account when he drafted his forthcoming Transport White Paper.

At an hour's meeting of Liberal MPs last night Mr. Steel was critical of the tactics adopted by some Liberals in the last few days over the petrol vote. In his opinion they had made the party look foolish.

He insisted that the party must maintain its unity and adopt something approaching the Cabinet system of collective responsibility.

Mr. Steel later interviewed individually three Liberal MPs who were threatening to break ranks and vote against the petrol duty because of pressure from their constituencies.

As part of the agreement with Ministers to abstain Mr. Steel has asked that the relevant amendments on petrol duty should be debated on the floor of the Commons rather than in a smaller Finance Bill committee, and that the amendments should exclude the duty on heavy oils which are linked to petrol in the Budget resolution.

Parliament, Page 18

Airline strikers get ultimatum

BY OUR INDUSTRIAL STAFF

BRITISH AIRWAYS last night sent telegrams to 4,000 engineering staff who have halted domestic and European flights warning them that they will be dismissed unless they work normally from to-day.

The move came after shop stewards representing the men had decided without calling an expected mass meeting to continue sanctions over a claim for higher shift allowances.

British Airways has warned the engineering staff that if they are dismissed for breach of contract and then re-engaged they will be regarded as new entrants and lose seniority benefits.

If this move to resolve the dispute fails it is expected that the airline, which is losing about £3m. a day, will soon issue protective notices to many more of its 55,000 staff.

The engineering staff—members of the Amalgamated Union of Engineering Workers—are reporting only for day shifts. All 4,000 arrived at Heathrow for work at 8 a.m. yesterday but nearly 3,000 who should have been on other shifts were sent home.

Standstill

British Airways short-haul operations are at a virtual standstill because of the dispute, which began at the week-end. But the airline will try to get about 18 long-distance flights away to-day.

Shop stewards discussed the dispute for two hours yesterday. They will meet again to-morrow.

Mr. Tony Crane, overseas division convener, said there had been no change in their position. They apparently called off the proposed mass meeting because they felt there was nothing new to put to their members.

The men say shift allowances which they receive from British Airways are much lower than those paid elsewhere in the engineering industry. Some shop stewards gave figures of £4.50 a week at Heathrow compared with £13.63 elsewhere.

AUEW officials accept that there are problems with shift allowances, but the dispute is complicated by the fact that the union's shop stewards have unilaterally withdrawn from the normal negotiating machinery and are demanding separate discussions of their claim. This would be unacceptable to members of other unions.

The dispute, which is unofficial, may be considered at to-day's meeting of the AUEW executive.

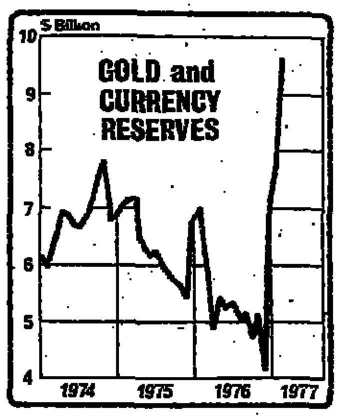
Dispute costs £3m. a day, Page 10

£ in New York

	April 4	Previous
Spot	$1.7197-7200	$1.7196-7205
1 month	0.65-0.60 dis	0.70-0.65 dis
3 months	1.92-1.83 dis	1.90-1.75 dis
12 months	7.20-7.00 dis	7.20-7.10 dis

For latest Share Index 'phone 01-246 8026

CONFLICTING SIGNS FOR ECONOMY



Reserves rise by $1.83bn.

By Our Economics Correspondent

BRITAIN'S official reserves rose by $1.83bn. last month to a new record level of $9.62bn.—nearly $5.5bn. higher than at the beginning of the year.

This rise reflects both official borrowing abroad of about $3.2bn. in the last three months and a continuing heavy underlying inflow of foreign exchange.

During March, the U.K. drew $750m. on the $1.5bn. Euro-market loan arranged in January—making drawings of $1bn. so far—and received a net $6m. under the public sector exchange cover scheme.

This leaves an underlying inflow of $1.07bn. in March and of about $3.75bn. since the beginning of December when confidence started to recover.

The authorities believe the underlying inflow could soon be on a smaller scale. This is partly because the bulk of the foreign currency has already come in from the once-and-for-all unwinding of last year's adverse pattern of commercial payments (leads and lags) and from the inflow of $1.5bn. to $1.7bn. resulting from the new controls to prevent the use of sterling for the finance of third country trade.

Uncertain

These commercial inflows are still thought to account for the largest part of the underlying increase in the reserves since December. But, during March, a somewhat higher proportion of the rise than in the previous two months probably came from an increase in so-called hot money deposits by foreigners in the U.K., including purchases of gilt-edged stock.

However, the authorities would not be surprised if there was some reversal of these more volatile inflows before long, given the prospect of an uncertain period ahead in the talks on pay policy. Moreover, the gap between U.K. and U.S.

Continued on Back Page

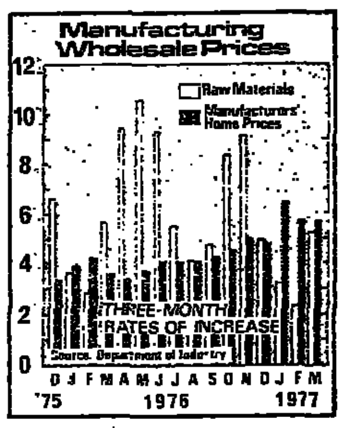
Cost of raw materials up by 2¼%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY'S raw material costs rose by 2¼ per cent. last month, and have increased by 5½ per cent. so far this year—providing a further indication that the long-promised fall in the rate of retail price inflation is still some months away.

The increase announced by the Department of Industry yesterday, mainly reflects a further sharp rise in food prices and higher coal prices.

This completely overshadows other tentative indications yesterday in the index for factory gate prices for manufactured goods (output prices) that the bulk of the effects of last year's fall in sterling have now worked through.



Output index

The rise in the Output Index of 1 per cent. last month is the smallest since September but earlier large rises have ensured that the 12-month rate of increase, at 20¼ per cent. is the highest since December, 1975. Over the last three months, the Output Index has risen by 5.7 per cent.

This confirms the prospect that the annual rate of increase in retail prices — 16.2 per cent. in the year to mid-February — is likely to rise further in the next few months, with the Budget measures still to work through, before the pay policy makes its impact.

The exact timing of the hoped-for slowdown in retail price inflation could depend to considerable extent on the pattern of food prices and these are still rising sharply.

The index for the output prices of the food manufacturing sector has risen by 6 per cent. in the last three months with higher prices for bread, flour, confectionery, animal and poultry foods and fruit and vegetable products helping to push the index up by 1½ per cent. last month.

The extent of the increases in the pipeline is shown by a 4½ per cent. rise last month in the index for materials purchased by food manufacturing companies with higher prices for tea accounting for three points and the higher cost of coffee a further point of the rise.

The increase in the cost of domestically produced food has been much smaller. This index has risen by 7½ per cent. in the last three months, and by 30.6 per cent. in the last year.

Although there have been indications in commodity markets that the price of cocoa and coffee are tending to level off, the full impact of the rise in the tea price, for example, has still to be felt and certain grain prices have also been increasing recently. Any adjustment of the Common Market "green pound" would also push up this index.

Although the strength of the pound has been having a favourable impact on the raw material costs of non-food manufacturing companies, the index of their costs has still risen by nearly 4 per cent. in the last three months. In March, the increase was 1½ per cent. with nearly three-quarters of the rise explained by higher prices for coal. [illegible]

On the output side, the detailed figures show a rise in factory gate prices of 5.6 per cent. in the last three months for the engineering industry and of [illegible] per cent. for the vehicle sector.

● The power to restrict companies' profit margins and dividends through price control will not be continued after the summer if the Government fails to reach agreement with the unions over pay, Mr. Roy Hattersley, Prices Secretary, said yesterday when the new Price Commission Bill was published. See Back and Page 10.

Editorial comment, Page 20

WHOLESALE PRICES (1970=100)

		Output (home sales)	Materials & fuels
1976	1st	206.9	266.5
	2nd	214.4	292.6
	3rd	223.2	306.2
	4th	233.9	329.9
1977	1st	248.0*	341.7*
1976	Oct.	230.0	327.7
	Nov.	234.6	331.8
	Dec.	237.2	330.2
1977	Jan.	244.9	337.9*
	Feb.	248.2*	339.7*
	March	250.8*	347.4*

* Provisional. Source: Department of Industry

هكذا من الاصل

...re, but not for all

BY SAMUEL BRITTAN

THE Press Notice on the monthly unemployment figures used to contain a sentence to remind readers that 300,000 or 400,000 workers normally found new jobs every month in bad times as well as in good. This reminder has been omitted from the Press notices this year. It is not clear whether the omission is due to political pressure, a desire to shorten the notice, a change of trend or the recent industrial action among those who process the figures. But in the meanwhile the labour turnover statistics give some guidance, although they are unfortunately confined to manufacturers and give monthly figures for one month in three.

Characteristically they are published in a form which makes serious study all but impossible. They are broken up into endless detail—for instance, the bolt industry is distinguished from wire pulling. But there is no time series, so that it is difficult to study trends or even seasonal patterns. One has the impression on occasion that the Department of Employment Gazette is actually meant to deter the general economist or journalist and that it is mainly designed to be read by "Employment people"—to use the title of a series of profiles in The Gazette.

Nevertheless, a few pointers can be gleaned from the December turnover figures just published in the March Department of Employment Gazette. For the whole of manufacturing, an average of 1.8 workers were engaged per 100 employed in the month to December 11: and 1.8 per 100 were discharged or quit. The turnover rate was slightly lower than that for men and substantially higher for women. The statistics exclude those who left or were discharged within a month of engagement.

Labour force

It thus seems that a little over 20 per cent. of the labour force both find jobs and leave jobs every year. The annual percentage—which represents a flow of jobs—is about four times that indicated by the total of unemployed revealed in the monthly count. But the two concepts are not, of course, directly comparable.

The turnover figures do not reveal how long is the average interval between dismissal or quitting and finding a new post. At most they suggest that there is no absolute shortage of jobs at prevailing wage levels and that many workers can and do leave, without fearing that they will not find another post. Even here conclusions must be tentative without some breakdown of the reasons for departure. All one can say is that the turnover percentage is much higher than can be accounted for by retirements and replacements.

Unemployment

The existence of high labour turnover does not itself tell us whether unemployment can be brought any lower. One's common sense impression is that plenty of jobs do become vacant every year, but the qualifications required, the location, or the pay and conditions do not easily fit the requirements of the unemployed pool. It is not even obvious whether reducing labour turnover would improve or worsen the working of the labour market. Mobility of labour, which is "a good thing" is statistically the same as turnover, which most employers regard as bad: and we need a more refined analysis to make a final judgment.

In the meanwhile, however, it is suggested that turnover tends to be low where unions are powerful and wages believed to be above competitive level. Examples range from vehicles and coal products to parts of printing. It is also low in chemicals, where there is concentration among employers.

On the other hand mobility is comparatively high in competitive and fragmented industries such as parts of confectionery, hand tools, cotton spinning and weaving, clothing and toys. These generalisations are based on the male statistics only, because one would expect industries with a large female labour force to have a high overall turnover. The implication appears to be that the monopolistic gains of employers as well as trade unionists, are taken out in the form of higher wages or better conditions, which make jobs in the trades concerned a prized possession, not easily vacated.

If incomes policy were really concerned with tackling union monopoly power rather than with short cut expedients, which eventually make things worse, its exponents would pay much more attention to labour market analysis and much less to the overall inflation rate.

RACING — BY DARE WIGAN

Working Girl is napped

IT MAY be significant that Pat Eddery, the champion jockey, travels north to Ayr to ride three horses for Denys Smith's Bishop Auckland stable.

One of these is Holdforth Boy, who carries bottom weight of 8 st 1 lb in the Ayr Spring Handicap, the most valuable event on the programme. But although this colt by Swinging Junior is reasonably weighted on last season's form, I am dubious about his ability to stay 1¼ miles. I prefer Rib Law, from E. Weymes's Middleham stable.

I do not expect Eddery's mount in the Ladykirk Stakes, Prince of Java, to defeat Port Justice either.

Eddery's third mount, the unraced Shipowner, will have to be useful to get the better of Working Girl, who shaped with promise when fourth behind Silk Lady at Doncaster.

Messenger Boy, trained by Nigel Angus on the fringe of the racecourse, and Coded Scrap are the two I like best in the Garnock Handicap. Although there was a valid excuse for Coded Scrap at Doncaster, where he was drawn badly, I prefer course specialist Messenger Boy, who was successful in the corresponding event last year.

Harry's Fizzale, successful at Leicester last week, looks best in the Ravenspark Selling Handicap.

At Wolverhampton Early Dawn can put fitness to good use in the Bourton Stakes. Newmarket opinion is that his stable-companion, March Music, will be hard to beat in the Ironbridge Maiden Stakes.

Village Idol, a filly by Blakeney, out of a mare by French Beige, is the type of filly to do well over a distance of ground this year. If the betting market suggests that she is fancied, I would not care to oppose her.

AYR
2.30—Harry's Fizzale
3.30—Rib Law
4.00—Working Girl***
4.30—Messenger Boy*
5.00—Port Justice

WOLVERHAMPTON
2.45—Village Idol**
3.45—Early Dawn
4.45—March Music

FONTWELL
4.00—Vespucci
4.30—Royal Epic

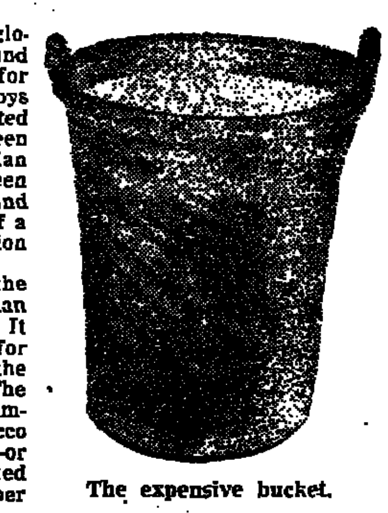
SEDGEFIELD
3.15—Carnival Day
4.15—In Vision

SALEROOM — BY ANTONY THORNCROFT

Glass bucket for £16,000

A FIFTH-CENTURY Anglo-Saxon green glass bucket found near Bury St. Edmunds sold for an impressive £16,000 at Sotheby's yesterday. The bucket originated in Germany and was probably used for very early Christian liturgical purposes. It had been estimated between £10,000 and £12,000. It was the highlight of a successful antiquities auction which brought in £180,485.

Other good prices were the £12,000 for a delicate Luristan bronze finial of about 700BC. It stands 18 cm. high and went for twice its pre-sale forecast to the London dealer R. Symes. The same sum was paid by Humphries for an Egyptian stucco mask of the first century BC—or AD. All the prices are quoted before the addition of the 10 per cent. buyer's premium.



The expensive bucket.

A Roman marble male figure of about AD 100 missing one arm, the head and lower legs, sold for £11,000. D. Katz gave £8,000 for a pair of Luristan bronze cheekpieces of about 700 B.C.

Sotheby's also disposed of books and letters for £49,483 with virtually everything selling. The top prices were £4,000 from Colnaghi for Combat a la Barrière by Henry Humbert, a first edition of 1627, plus more books (which were together only estimated at £300-£400) and £3,300 for a first edition of Henry Alken's National Sports of Great Britain.

At Christie's Italian maiolica and Continental pottery sold for £76,045, with most lots going. A large Siena Coppa Amatoria, dating from about 1505, which sold at Christie's for £110 in 1939, fetched £8,000. The same sum acquired a Castel Durante armorial dish from the Gonzaga Este service, painted about 1519 by Nicolo Pellipario. It went to the Italian dealer Lotti.

Ridd gave £5,500 for a Faenza Berritino ground Istoriato saucer-dish, pained by the Green Master with mythological scenes. A German dealer, Hockmeyer, bought a Faenza wet-drug jar of Orisini Cologna type for £4,800.

There was also an auction of Chinese jades and snuff bottles which added £54,085. Spink bought a set of three Celadon jade figures of Kuan Yu, flanked by Kuan Ping and Chou Ts'ang, for £14,000. A mottled pale lavender and emerald green jade Kuei sold for £6,000. An elaborate gilt metal mounted spinach green jade clock fetched £3,200 from a private buyer, who paid the same sum for a mottled green, lavender and brown jade vase and cover.

On May 10 Christie's will sell a letter from Mozart to his wife. Written from Leipzig in 1789 it addresses her as "My very dearest little woman," and expresses a wish to be re-united. It is part of one of the best auctions of musical instruments and manuscripts for many years. Also for sale is a Stradivarius which belonged to Earl Spencer and is in excellent condition.

At the Phillips furniture sale Johnson paid £1,310 for an antique pine library bookcase.

Angela Rippon interviews

Angela Rippon, the BBC newsreader will present a series of six weekly interviews on BBC-2's "Newsday" programme each Monday from April 18.

Among her subjects will be Mr. Freddie Laker, chairman and managing director of Laker Airways, Lord Kearton, chairman of the British National Oil Corporation, and Mr. Percy Roberts, chairman-designate of the Mirror Group of newspapers.

WINE

Sampling the claret vintage of 1966

BY EDMUND PENNING-ROWSELL

IT IS GENERALLY agreed that the first really successful claret vintage after 1961 was 1966. The '62s were fair, and some turned out and tasted better than predicted. The much-heralded '64s more often than not have not lived up to expectations, partly owing to persistent rain late in the vintage. There are some fine wines, especially among the red Graves (Haut-Brion and La Mission-Haut-Brion) and St. Emilions (Cheval-Blanc and Figeac), but many Médocs lacked stamina. So that brings us to the '66s.

After a favourable summer and a very low rainfall in the two vital months before the vintage, harvesting generally began in the last week of September. The crop was on the small side, shorter than in 1964. Although conceded to be fine, there was no rush to buy, as the still-favoured '64s were available, so why tie up capital prematurely? First-growth prices in Spring, 1967 were about on a level with those of '61, originally deemed excessively high: for example, Lafite at Frs.27,500 per tonneau (=96 dozen bottles). For '66 they ranged from Frs.20,000 for Lafite and Mouton-Rothschild to Frs.24,000 for Latour and Frs.19,000 for Ch. Margaux. These resulted in opening retail prices here two years later at between £37-£45 a case—with hind-sight tempting prices for wines that now fetch between £110-£150 at auction!

As dedicated claret drinkers will be aware, the "ten-year rule" should be applied to fine clarets of a leading year. This refers to the Bordeaux tradition that they should be allowed ten years to mature before the cork is drawn. To-day, of course, this tradition is less commonly observed, but has much to commend it.

So the '66s having reached the age of consent, I followed a procedure adopted for former good years—including '61, '62 and '64—by arranging a tasting of the first growths in the course of a dinner. For, interesting and fascinating though pure tastings may be, wine is best considered with food: if one is to enjoy as well as discuss and compare one wine with another. Six is the maximum number of people per bottle, and this was the size of the party; all amateurs, though keen and experienced claret drinkers, three of them women, who in general are often less influenced by prestige labels than their opposite numbers.

Two years earlier, when the '64s were considered, aware of the short-comings of some of the Médocs, I had added Cheval Blanc and Pétrus, but this time as the selection was confined to the four Médocs — Lafite, Latour, Margaux and Mouton Rothschild—and the single Graves—Haut-Brion.

Nothing, however, better sets off a superior wine than preceding it with a less exalted one. A basic claret would be carrying this too far; nor was a big style of wine called for. So Malescot St. Exupéry '66 was chosen, and this typical Margaux, with a fine aroma and elegant flavour, albeit still with a touch of greenness, served admirably.

This established the initial batting order, for it was better to compare two Margaux rather than insert the red Graves between them. From there the natural progression was via Lafite, though it is always a toss-up as to whether Latour or Mouton-Rothschild should be reserved until last. This time we decided on Mouton.

Here then, are the tasting notes I made at the table, slightly amplified and taking into account the accompanying discussion.

Margaux. Good colour, but not as much "nose" as one expects from Ch. Margaux, which often can be picked out by this feature. More body and fruit than Malescot, though less aroma. The wine seemed rather backward and lacked the charm of Ch. Margaux in a fine year. It could have been rounder, and was a little dry at the end, as all agreed.

Haut-Brion. Plenty of colour. Fine Graves aroma, with that "bricky" quality often associated with fine red Graves, both on the nose and palate. Fairly big wine, still with some hardness, but having a great deal of style and character; very well-balanced wine.

Lafite. Plenty of colour. Fine flowery nose, elegant and distinguished, but on the taste the wine seemed very closed-up and withdrawn, with a slight edge on it. The aroma promised more than the flavour produced; or so it seemed to me. Will it develop and come into better balance?

Latour. As expected, a great deal of colour. A very fine fruity bouquet from the moment it was decanted—over an hour before the meal began, and nearer two hours before it was poured out. A very fruity wine with a good taste, and a great deal behind it. Yet, whereas Latour is usually very backward and hard, taking an almost inordinate time in a good year to come round, this was more mature and better balanced than forecast; that is more drinkable.

Mouton-Rothschild. The colour as deep as Latour's. The aroma had that distinct "goût de capsule" for which [illegible] renowned, although I find that I usually detect [illegible] cedar-wood [illegible] odour often comes through [illegible] here there was no [illegible] slightly metallic [illegible] was communicated [illegible] wine itself was [illegible] which, indeed, [illegible] whelmed. This was not [illegible] disagreeable, nor was the suggestion of [illegible] aroma and backward, and [illegible] assured of plenty of [illegible] future, if was [illegible] whether it would [illegible] better balance.

When the vote was [illegible] was rather less [illegible] usual. However, [illegible] easily came out [illegible] one vote for Lafite [illegible] it was helped by [illegible] that red Graves [illegible] little more rapidly [illegible] but this was a fine [illegible] took the second [illegible] I myself put Latour [illegible] suggested that the [illegible] were over-influenced [illegible] aroma rather [illegible] The majority [illegible] account. Then Latour [illegible] the third place, which [illegible] to Lafite.

For the last two places [illegible] was something like a [illegible] Some of the party [illegible] Mouton nose [illegible] while the rating for [illegible] place was [illegible] participant putting Lafite [illegible] the balance of opinion [illegible] to Mouton, which [illegible] sible a three-three [illegible] and Margaux in the [illegible] where I put it [illegible] this only [illegible] years earlier when [illegible] place among the [illegible]

It is necessary [illegible] that there [illegible] about this [illegible] thing I have learnt [illegible] one bottle of the same [illegible] vary from another [illegible] both are quite [illegible] chateau-bottled. The [illegible] pressed were those of [illegible] party faced with [illegible] apiece of each wine [illegible] occasion last month [illegible] bottles might taste [illegible] and all will change [illegible] years. What the [illegible] confirm was the fine [illegible] the '66 vintage. [illegible] very big wines [illegible] that have come my way [illegible] seem rather dumb [illegible] Lafite. Though they [illegible] are well-balanced and [illegible] develop evenly.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 a.m. Open University (UHF only). 9.35 Roobarb. 9.40 The Saga of Noggin the Nog. 9.50 Why Don't You ...? 10.15 Golden Hair. 10.35 Fabulous Animals. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mary, Mungo and Midge. 3.20 Pobol Y Cwm. 3.53 Regional News (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 Here Come the Double Deckers. 4.40 Tarzan, Lord of the Jungle. 5.00 John Craven's Newsround. 5.15 Take Hart. 5.35 Magic Roundabout.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 The Waltons.
7.40 Comedy Special.
8.10 Z Cars.
9.00 News.
9.25 The Price of Coal by Barry Hines (second of two films).
11.00 Tonight.
11.40 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

WALES—5.55-6.20 p.m. Wales Today. 6.50 Heddiw. 7.10-7.40 Glas Y Dorlan. 11.40 News and Weather for Wales.

SCOTLAND—5.55-6.20 p.m. Reporting Scotland. 11.41 News and Weather for Scotland. 11.43-12.08 a.m. Bonn Comhraidh.

NORTHERN IRELAND — 3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
1.45 p.m. Other People's Children.
2.00 World Table Tennis Championships.
5.45-7.00 Open University.
7.00 News on 2 Headlines.
7.05 Zarabanda.
7.30 Newsday.
8.00 World Table Tennis Championships.
9.00 Three Piece Suite.
9.20 The Man Alive Report.
10.20 Oscar Peterson Invites. . . .
11.05 Late News on 2.
11.15 The Old Grey Whistle Test.
11.55-12.00 Closedown: Hugh Dickson reads "The Hook," by Duncan Bush.

LONDON

9.30 a.m. Focus on Wildlife. 9.55 The National Film Board of Canada presents. . . †10.50 The Saint. 11.40 Merrie Melodies. 12.00 Noddy. 12.10 p.m. Pipkins. 12.30 Paint Along with Nancy. 1.00 News. 1.20 Today's Post. 1.30 Crown Court. 2.00 Good Afternoon. 2.25 Sam. 3.20 Wind in the Wires. 3.50 Emmerdale Farm. 4.20 Michael Bentine's Potty Time. 4.45 Magpie. 5.15 Out of Town. 5.45 News.
6.00 Today.
6.35 Crossroads.
7.00 The Common Lot.
7.30 The Six Million Dollar Man.
8.30 Tom O'Connor at the Casino.
9.00 This Year Next Year.
10.00 News.
10.30 Once in a Lifetime.
11.15 Jack Parnell and his Music.
11.45 Night Gallery.
12.25 a.m. Drawing an End with the Rev. Graham Jeffery.

All IBA Regions as London except at the following times:

ANGLIA

10.00 a.m. Woobinda—Animal Doctor. 10.30 Spiderman. 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. 1.25 p.m. Anglia News. 2.00 Houseparty. 3.20 Personal View—Tommy Steele. 5.15 Star Maidens. 6.00 About Anglia. 11.15 Rock Follies. 12.15 a.m. Anthology.

ATV MIDLANDS

10.35 a.m. Hogan's Heroes. 11.00 Survival Special. 11.50 The Woozies. 1.20 p.m. ATV Newsdesk. 3.20 Today Mexico, Tomorrow The World. 5.15 University Challenge. 6.00 ATV Today. 7.30 Hawaii Five-O. 11.45 Police Surgeon.

BORDER

9.30 a.m. Baldmoney, Sneezewort, Dodder and Cloudberry. 9.40 The Fantastic Voyage. 10.05 Skippy. 10.30 Birds of a Feather. 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. †1.20 p.m. Border News. 2.00 Houseparty. 3.20 Police Surgeon. 3.50 Certain Women. 5.15 The Challenge of the Sexes. 6.00 Border News and Lookaround. 7.30 The Streets of San Francisco. 11.15 The Protectors. †11.45 Border News Summary.

CHANNEL

†1.18 p.m. Channel Islands News and What's On Where. 3.20 Alberta Sunshine. 5.15 The Lost Islands. †6.00 Report at Six. 7.00 Sale of the Century. 7.30 Emergency! †10.28 Channel Late News. 11.15 Elaine—The Singer of the Song. †11.45 Commentaires et Previsions Meteorologiques.

GRAMPIAN

10.00 a.m. First Thing. 10.05 Helicopter Canada (National Film Board of Canada). 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. 1.20 p.m. Grampian News Headlines. 3.20 Flights of Fancy. 5.15 Challenge of the Sexes. 6.00 Grampian Today. 6.10 Country Focus. 7.30 Emergency! 11.45 The Protectors. 12.15 a.m. Reflections.

GRANADA

9.30 a.m. The Challenging Sea. 9.50 The Beatles. †10.10 Holiday Matinee: "Sea Fury," starring Stanley Baker. 11.45 Squash Rackets. 1.20 p.m. This Is Your Right. †3.20 Whispering Smith. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. †6.30 The Beverley Hillbillies. 7.30 The Bionic Woman. 11.45 Homicide.

HTV

9.55 a.m. Hammy Hamster's Adventures on the Riverbank. 10.05 The Baron. 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.20 Garnock Way. 5.15 Kirt the Clown. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Survival. 7.00 Happy Days. 7.30 Hawaii Five-O. 11.45 Kitchen Garden.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.35-4.45 Wcibetuna? 6.00-6.15 Y Dydd. 6.30-7.00 Jam. 10.30 Bywd. 11.15-11.45 World in Action.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.35 a.m. A Place in Europe—Belgium. 10.00 Popeye. 10.05 Tarzan. 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. †1.25 p.m. News Headlines and Road. 5.20 Flights of Fancy. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Scotland Today. 6.50 The Happy Days. 7.30 Rush. 11.05 Late Call. 11.50 Love American Style.

SOUTHERN

10.30 a.m. Inner Space. 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. 1.20 p.m. Southern News. 2.00 Houseparty. 3.20 Police Surgeon. 5.15 Popeye. 5.20 Crossroads. 6.00 Day By Day, including Southsport. 7.30 Executive Suite. 11.15 Dan August. 12.15 a.m. Southern News Extra.

TYNE TEES

8.30 a.m. Good Morning North. 8.45 Cartoon Time. †9.00 Peyton Place. 9.30 Houseparty. 9.55 Starting Point. 10.00 Hannah Barbara Special. 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. 1.20 p.m. North East News and Lookaround. 3.20 Personal View—Tommy Steele talks about his career. 3.50 The Mary Tyler Moore Show. 5.15 The Challenge of the Sexes. 6.00 Northern Life. 7.30 Hawaii Five-O. 11.45 His Face is Familiar—What's He Done? 12.15 a.m. Epilogue.

ULSTER

10.55 a.m. Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. 1.20 p.m. Lunchtime. 2.00 See You Tuesday. 3.20 Survival. 3.48 Ulster News Headlines. 5.15 Run Joe Run. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.30 Emergency! 11.45 The Man for Others. 11.50 Bedtime.

WESTWARD

10.00 a.m. Focus on Easter. 10.05 Castaway. 10.30 The Woody Woodpecker Show. 10.55 Musket, Fife and Drum. 11.20 Countryside. 11.45 Oscar. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.20 Alberta Sunshine. 5.15 The Lost Islands. 6.00 Westward Diary. 7.00 Sale of the Century. 7.30 Emergency! 10.28 Westward Late News. 11.15 Elaine the Singer of the Song. 11.45 Focus on Easter.

YORKSHIRE

8.30 a.m. Good Morning Calendar. 8.45 Cartoon Time. †9.00 Peyton Place. 9.30 Houseparty. 10.00 Journal. 10.10 Skippy. 10.35 Beachcombers. 11.00 Thunderbirds. 11.45 Oscar. 1.20 p.m. Calendar News. 3.20 Personal View. 3.50 Calendar Tuesday. 5.15 Challenge of the Sexes. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Hawaii Five-O. 11.45 The Odd Couple. 12.15 a.m. Good Night Calendar.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Simon Bates. 9.00 Tony Blackburn. 11.00 Dave Lee Travis with the Radio 1 Roadshow from Middlesbrough. 12.30 p.m. Newsbeat. 12.45 Paul Burnett with this week's new Top 30. 2.02 David Hamilton (also on VHF) (S). 4.30 Kid Jensen including 5.30 Newsbeat. 7.00 Three in a Row (joins Radio 2). 10.02 John Peel (also on VHF) (S). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

[illegible]

RADIO 3 — 464m, Stereo & VHF

[illegible] 1 (S). 11.25 In Short. 11.35 Recital: part 2 (S). 12.20 p.m. Midday Prom: part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Concert: part 2 (S). 2.05 Piano Recital (S). 2.30 A Little Light Music (S). 3.15 Buxtehude and Bach concert: part 1 (S). 3.55 Interval Reading. 4.00 Concert: part 2. 4.55 Jazz Today (S). 5.25 Fanfare (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines. 7.30 The Art of Lotte Lehmann. 8.00 A Liszt-Sibelius Concert part 1 (S). 8.35 The Traveller's Oracle (S). 8.55 Concert: part 2 (S). 10.00 Stainer as Man [illegible]

RADIO 4 — 434m, 330m, 285m and VHF

[illegible] Weather, programme news. 6.00 News. 6.15 My Music (S). 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Kaleidoscope. 8.00 A Liszt-Sibelius Concert: part 1 (as Radio 3) (S). 8.35 The Traveller's Oracle (as Radio 3) (S). 8.55 Concert: part 2 (as Radio 3) (S). 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Tony Fish [illegible]

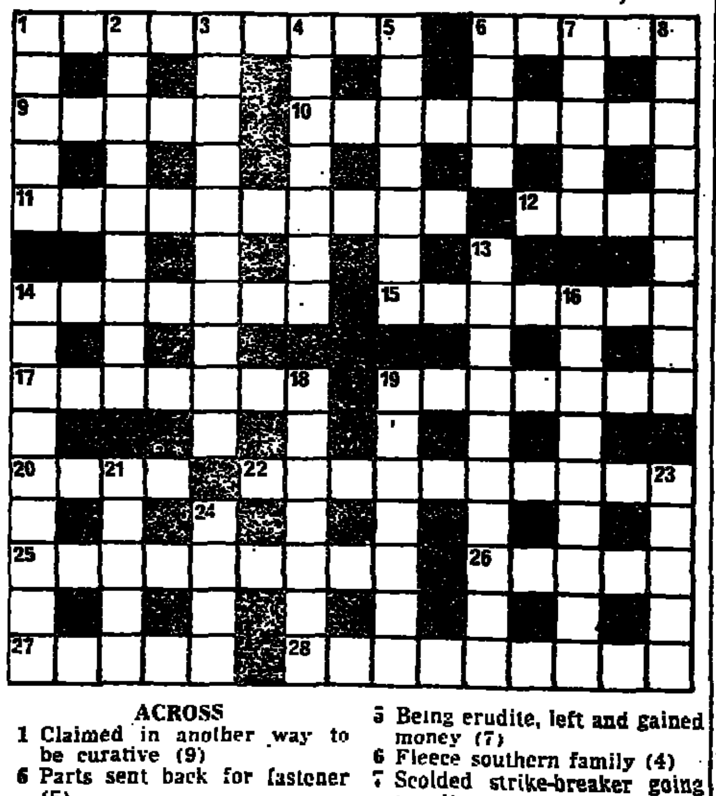
London Broadcasting — 261m and 97.3 VHF

[illegible]

Capital Radio — 194m and 95.8 VHF

[illegible]

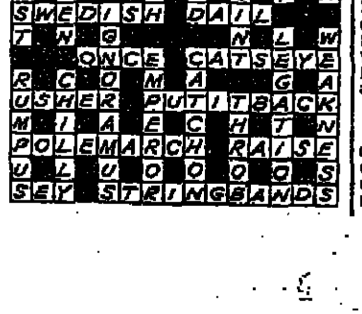
F.T. CROSSWORD PUZZLE No. 3,348



ACROSS
1 Claimed in another way to be curative (9)
6 Parts sent back for fastener (5)
9 One in a spin in Italy (5)
10 Soldier is pleased I returned rota (9)
11 Cutting airman going to east with sailor (10)
12 I had left a note, being unemployed (4)
14 Pinched a double-bed? (7)
15 Declined having doctor with nothing but unrefined dope (7)
17 Dealer in French wine tore back (7)
19 Perplexed —like an exhaust? (7)
20 Betting machine to note (4)
22 A poet raved madly and disappeared (10)
25 Bandy and begged to accept hooter (3-6)
26 Smooth youthleader using sarcasm (5)
27 Terminal part of clear thoroughfare (5)
28 Pleased with illumination in middle of act (9)

DOWN
1 Bumped into a learner—on the road? (5)
2 Speech about soldiers in command (9)
3 Prohibited an argument with orchestra (10)
4 Denied need to conceal a gun (7)
5 Being erudite, left and gained money (7)
6 Fleece southern family (4)
7 Scolded strike-breaker going to editor (5)
8 Wine finished as forecast (9)
13 Coming to hold the fort and cheering (10)
14 Fellow to go to board is to be eagerly desired (9)
16 Guide's transport could be apt to boil (5-4)
18 Destroyed silver and raved about it (7)
19 Piebald hybrid standing on two feet (7)
21 Does it have the pull at Blackpool? (5)
23 Wood-nymph gets uninteresting notice (5)
24 Network making me quiet (4)

SOLUTION TO PUZZLE No. 3,347



SQUASH — BY JOHN BARRETT

The boom gathers pace

WITH THE LUCAS British Open Squash Championships reaching its final stages at Wembley yesterday, this is a good moment to take stock of this lusty child that threatens to become the world's next boom sport. For the rapid growth which has occurred already in Britain, Australia, and South Africa is reflected in many other countries.

To deal with Wembley first, there were good things and sad things associated with this year's SRA showpiece. To cater for the growing public following, the 200 seats and 80 standing places (at £8-£10, and £4 respectively) behind the glass-back show court were augmented this year.

Less laudable was the absence of all the Pakistanis who, with the Australians, form the backbone of the world professional game. A regrettable decision by the Pakistan Government has ordered the withdrawal of all their players from any event in which South Africans participate.

Ironically, the Pakistan Government's decision might backfire. Having built the world's finest squash complex in Karachi under the banner of Pakistan International Airlines, the same visiting professionals who so much enjoyed last year's inaugural tournaments there might well boycott next month's championship.

In Sweden, whose amateurs are now third to England and Scotland on the European [illegible] in Germany, Spain, [illegible] Denmark and in France [illegible] are appearing like mushrooms [illegible] a rural field. An interesting [illegible] effect of this [illegible] expanding market for [illegible] equipment, courts and [illegible] tional expertise. Even in [illegible] America, the British [illegible] game is beginning to [illegible] and traditional handball [illegible]

Hunt keeps his title

PLAYING WITH chilling precision, world champion Geoff Hunt, the 30-year-old Australian squash phenomenon, retained his Lucas British Open title at the Wembley Centre yesterday with a 9-4, 9-4, 8-10, 9-4 victory against his fellow-countryman, Cam Nancarrow, who is also 30. This is Hunt's fourth Open success, and repeats the win he had against Nancarrow in January, 1969.

Hunt's reward for a gruelling one-hour 19-minute work-out was £1,966.50, and his opponent earned £1,376.50 from this richest tournament in the world, in which the total prize-money was £10,500.

Hunt had lost only 29 points in his five matches, and, when he romped away to a two-game lead, the likelihood of losing his first game of the championship seemed remote.

The tall left-handed Nancarrow, trailing 6 points to 8, saved five match points—four of them on uncharacteristic Hunt errors—and clinched the 29-minute game as Hunt hit down for the fifth time.

The recovery was short-lived. Controlling the game from the forecourt, volleying with consummate skill and covering the court with remarkable agility, Hunt forced his way to 5-0 before his opponent scored. One more match point was denied him at 8-4, but three rallies later a tiring Nancarrow hit down to concede defeat.

Television

Jesus of Nazareth

by CHRIS DUNKLEY

Franco Zeffirelli's *Jesus of Nazareth* is a pre-Raphaelite picture brought to life: minutely detailed, brightly painted portrait, with an amazing story to tell about the central character, and lots of secondary narrative interest provided by all the figures in the background. It is completely unimaginative though in the mystery: the Christ legend and the lack of clear that it must, presumably, be intentional.

The first three-hour slab of this six-hour film (released in the cinema some time ago in short-ened form) was transmitted on ITV on Sunday; the second will go out next Sunday. It is the brainchild of Lord Grade of ATV and, to be produced with Radiotelevisione Italiana, and watching the first half it was easy to believe his claim that the whole thing cost $18m, including the interest, since international stars of the stature of Peter Ustinov or Michael York seem to lurk, heavily bearded, behind every pillar.

In this respect the production is tediously true to the tenets of the Hollywood Bible epic, as it is also in the matter of language: the English of the King James version is mixed blithely with today's mid-Atlantic argot, so that "God shall cause him to be mighty through the spirit of holiness" comes shortly after "but seriously, Joseph, Mary is remarkable!"

In costume there is a similarly unsettling mixture; although an immense care has been taken to avoid a hint of a zip, or even buttons, the ladies are all dripping with false eyelashes and lipstick.

In other respects Zeffirelli's version is an improvement on his cinema predecessors. He has created a powerful feeling of dislike for imperial Rome and, most notably, he has made Jesus's background unmistakably Jewish, a factor which is oddly ignored in so many Bible films.

This certainly adds interest to the story and yet, in the end, the more convincingly life-like you make it, the less power it has in any mystical or spiritual sense. On the one hand Robert Powell looks like every child's idea of Jesus—he could have stepped straight off one of those coloured Sunday School stamps—but on the other, when you take the surroundings and the details of his life out of the realm of imagination and interpret them literally on film, and put the figure into the middle of that literal interpretation, he becomes not a mystery but merely a paradox.

It is impressive story-telling, but pretty unimpressive religion—which appears to be precisely the intention.

St. John's, Smith Square

Gesualdo and Haydn

by NICHOLAS KENYON

Both Gesualdo's set of Good Friday Responsories and Haydn's set of quartet movements, "The Seven Last Words from the Cross" were conceived for performance during the liturgy of Holy Week. At that point their resemblance ends. Even their liturgical settings must have been worlds apart: the great tenebrae dominated service in Cadiz Cathedral where the orchestral version of the Haydn was first heard during 1786 would have been unrecognisable to the small group of people attending Latin office in the family church of Santa Maria della Grazie, Gesualdo, a century and a half earlier.

Stephen Wilkinson's William Byrd Singers (from Manchester) and the Medici String Quartet interweaved the two sets of pieces for their Passion Sunday concert at St. John's, and the resultant mixture was potent but in the end unsatisfactory. One expected instrumental activity to be answered by choral repose, but the reverse happened; Haydn's succession of meditative adagios provided totally stable music to set in the midst of Gesualdo's wayward, agitated chromaticism and one didn't have the opportunity to adjust to either extreme for long enough. Only in Gesualdo's unearthly ... vos omnes" and Haydn's final depiction of the tumult of the earthquake were the roles reversed.

The contrast was heightened by the performances. The Medici String Quartet, aiming above all at a smooth and mellifluous sound, gave performances of warmth and accuracy which missed such drama as Haydn provided. (Where were the fortissimos in the bold introduction, or the sforzandos in the tightly-knit third movement?)

Stephen Wilkinson's conducting, on the other hand, added to Gesualdo's eccentricities with all manner of dramatic technique. His singers responded confidently to the continual crescendos, accelerandos and accents. Sometimes these reflected the music but too often they did not, particularly in the quiet treatment of the climactic "Pater, in manus tuas..." (sixpart block chords, introduced by the text "Jesus cried with a loud voice").

An adventurous conception, then, even if it turned out to be slightly too ingenious for the music's good. And for some accomplished performances of rare music much gratitude is due: neither Gesualdo nor Haydn is likely to be heard anywhere during this year's celebration of the Holy Week liturgy.

Book review

Inner and outer

by B. A. YOUNG

Changing by Liv Ullmann. Weidenfeld and Nicolson. £4.95. 244 pages

A Postillion Struck by Lightning by Dirk Bogarde. Chatto and Windus. £4.95. 268 pages

"Inner-directed" and "other-directed" we used to say as we analysed each other's behaviour. These two autobiographical works by film-stars demonstrate precisely what the difference is.

Liv Ullmann is inner-directed. She presents her life in a row of brief, black-and-white sentences that read like entries in a diary. Through this medium she tells of her childhood in Norway, her graduation to the stage and the cinema, her two marriages, the second of them (if no more lasting than the first) to Ingmar Bergmann.

There is not the least suggestion of romance. Things happen, people come and go, and they are recorded in this unemotional style. Relationships are described, but except for her relationship with her daughter they are described without feeling:

"Filming on Farö [Ingmar] had been angry with me since breakfast. I was standing in front of a blazing house. 'Closer!' he shouted, peering into the camera. Sparks were flying round my face. 'Closer!' The heat on my face was so fierce I had to close my eyes. I was full of hate. 'Closer!' I was on my way into the inferno before he called, 'That's enough.' But on the screen it looks good."

It is the autobiography of a sadly programmed robot.

Different is Dirk Bogarde's account of his early life. He claims to have been a very stupid boy, and indeed brings some evidence to that effect. But his descriptions of country life in still-unspoilt Sussex in his childhood are full of amiable observation and his world is full of reactions to other people. All right, the mock-childish vein in which he has unwisely chosen to tell of those youthful days, a macedoine of Mrs. Nesbit and A. A. Milne and Richmal Crompton, is quite appalling, but this is a case where it is not how you say it, it's what you say.

There is not much in the book about acting. Mostly it is about childhood — happy, in Sussex with his sister, the Dan and Una of the thirties, unhappy at school in Glasgow, entering the world of the arts obliquely by way of art school (the book is decorated with pretty sketches by the author) and Sally Latimer's immortal rep company at Amersham. To tell the truth, it was not an eventful childhood. Mr. Bogarde makes it seem so because people and things absorb him, and not the other way round.

The Entertainment Guide is on Page 12

Cézanne as correspondent

by DENYS SUTTON, Editor of Apollo

ARTISTS often make excellent letter writers and in this respect Michelangelo, Rubens, Delacroix and Van Gogh are outstanding. Such letters are generally read for the light they may shed on artistic procedures but often they contain much of human interest. Rubens's mainly deal with his exacting role as a diplomatist.

Recently greater interest than ever has been taken in literary material of this type and the Morgan Library in New York and the Fondation Custodia in Paris have built up considerable collections. What fun if each of these bodies published an anthology drawn from its holdings! Such volumes might well prove successful.

Now comes a new edition of Cézanne's letters (Bruno Cassirer, Oxford, £6.50), edited by John Rewald, the dean of studies of this artist as of the Impressionists; who has done much to illuminate the art of the 19th century. The first English edition appeared in 1941 and since then various letters have turned up, notably an important series to the poet Joachim Gasquet. Many letters have been lost for good.

Cézanne's correspondence lacks the richness and variety of Delacroix's for instance, an artist whom he admired enormously. The difference is understandable, for they led very different lives. Delacroix was a man of the world who knew most of the interesting people in Paris; Cézanne spent a restricted, even isolated, existence. The letters also underline that he was a man of Aix rather than of the capital.

The interest of the letters, however, is considerable. They provide valuable information about the painter's early life and about the principles of his artistic credo. Cézanne, one should remember, had a broad and sophisticated knowledge of art, as is revealed by the drawings he made after Old Masters and classical and 18th-century French sculpture. These can be studied in Adrien Chappuis's catalogue of the drawings.

Cézanne's early letters were mainly addressed to Emile Zola with whom he had been at the College Bourbon in Aix. When Zola accompanied his mother to Paris in 1858, he and Cézanne kept in touch by letter and their relationship was kept in good repair as Zola spent his holidays at Aix. Mr. Rewald has filled in the story by publishing those of Zola's letters which relate to Cézanne and his notes are most helpful.

The painter's letters to Zola or to others in the years 1858 to 1871 are often amusing and testify to his enjoyment of life. However, in one to Zola, of about October 19, 1866, he complains of melancholy: "As you know, I don't know what it comes from, it comes back every evening when the sun sets, and now it is even raining. It makes me feel black." Cézanne's personality strikes a lonely note. It is tempting to speculate if his desire to grapple with the motif was in some respect due to a desire to shake off dark thoughts.

When at the Académie Suisse in Paris, Cézanne met Armand Guillaumin who introduced him to Camille Pissarro. Of all the Impressionists, Pissarro was the one Cézanne knew best. One of his most revealing letters of the mid-1870s (July 2, 1876), written from L'Estaque, was addressed to Pissarro; in this he describes his starting two motifs: "It is like a playing card. Red roofs over the blue sea." His words are a reminder that for all his struggles to achieve form, he was not opposed to elegant colour; many of his pictures have a charming decorative character.

The 1870s were difficult years for Cézanne. He had to support Hortense Fiquet and his son, Paul, and endeavour to hide his liaison from his wealthy father. He even had to ask Zola to send money to Hortense. Alas, his friendship with the writer cooled off after the publication of *L'Oeuvre* in 1886 in which the figure of the artist, Claude Lantier is partly modelled on Cézanne. It is not surprising that the painter took offence as Lantier is portrayed as a madman and a failure who finally commits suicide.

Zola's unfeeling depiction of him must have heightened Cézanne's desire to absorb himself in his work. "Fate," he wrote to Victor Chocquet, one of his most understanding patrons on May 11, 1886, "has not endowed me with an equal stability, that is the only regret I have about the things of this earth. As for the rest, I have nothing to complain about. Always the sky, the boundless things of nature, attract me and give me the chance to look with pleasure."

In later years, Cézanne's painting began to win more admirers, especially among the young. They included Gasquet and Emile Bernard and Cézanne's letters to them contain precious statements about his artistic conceptions. They show that he was an admirer of the Venetian masters such as Veronese and Tintoretto, especially the latter, the seventeenth century Spanish school and Chardin; above all he advised young artists to study nature. He appreciated Renoir, Monet and Odilon Redon but did not care for Gauguin and Van Gogh.

The letters, which contain his famous dictum about the cylinder, the sphere and the cone, constitute a reminder that Cézanne, a fervent Catholic in later years, was a traditionalist in the sense of believing in the inspiration of what he called "this old native soil" which he described to Gasquet in a letter (July 21, 1896) as being "so vibrant, so austere, reflecting the light so as to make one screw up one's eyes and filling with magic the receptacle of our sensations." He continued "do not snap and detach me, so to speak, from the earth whence I have imbibed so much even without knowing it." His apprehension of the eternal magic of nature activated those great late landscapes in which with his "sense-perceptions" he expressed his belief that "Art is a harmony which runs parallel with nature."

British Museum

The wealth of the Dark Ages

by ANTONY THORNCROFT

The British Museum, like all our national artistic institutions, is commendably exhibition conscious these days. Hard on the heels of its very successful "Jewellery through 7,000 years," which attracted over 225,000 visitors, comes the "Wealth of the Roman World" which is interpreted as a display of gold and silver objects and coins produced between 300 and 700 A.D. The exhibition opened last week-end and continues until October 1.

The period covered is, of course, the European Dark Ages, a term which irritates scholars but aptly describes the blanket of ignorance which gripped the continent after the disintegration of the Empire, centred on Rome, and an ignorance of the period which has naturally extended until this day.

For the Darkness basically refers to the absence of written records, and thus a time of unprecedented change can only be dimly mapped out by lists of petty kings, interspersed with the dates of vital battles, like Milvian Bridge in 312 where Constantine the Great established his imperial house and ensured the eventual supremacy of the Eastern Empire and of Christianity, and Poitiers, in 732, where the Franks finally checked the rise of Islam, and preserved Christian Europe: lists and battles—and treasure and coins.

Unfortunately some knowledge of history seems essential for the fullest enjoyment of this exhibition. If you feel comfortable with the location of the Sassanian Empire; can place the Emperor Zeno; and not flinch from Arianism; you will find it, perhaps, the best conceivable exposition of this complex period—assisted by a very fine catalogue, more history book than coffee-table glossy.

If you expect some great artistic, or emotional, shivers, which were possible at the sight of Tutankhamun's golden mask or, the common humanity of life at destroyed Pompeii, you will be disappointed. The Wealth of the Roman World is a smaller scale, introspective, display, reflecting the lack of confidence of its age, the adaptation to a local society after the internationalism of the Age of Rome.

It is setting at the British Museum is suitably enclosed, a long, rather narrow, room embroidered with pillars. The exhibits are cased, and in a packed environment it could well be difficult to read the accompanying charts, which lead you through the intricacies of the fall of the unitary Empire.

The star exhibit, from a publicity point of view, is the Antioch Chalice, found near Antioch in 1910 and given a cheap notoriety by a false association with the Holy Grail. In effect this rather battered vessel, perhaps produced as late as 500 AD, although intricately embroidered with the ten apostles and two figures of Christ, is less exciting than many of the Roman hoards unearthed in Britain.

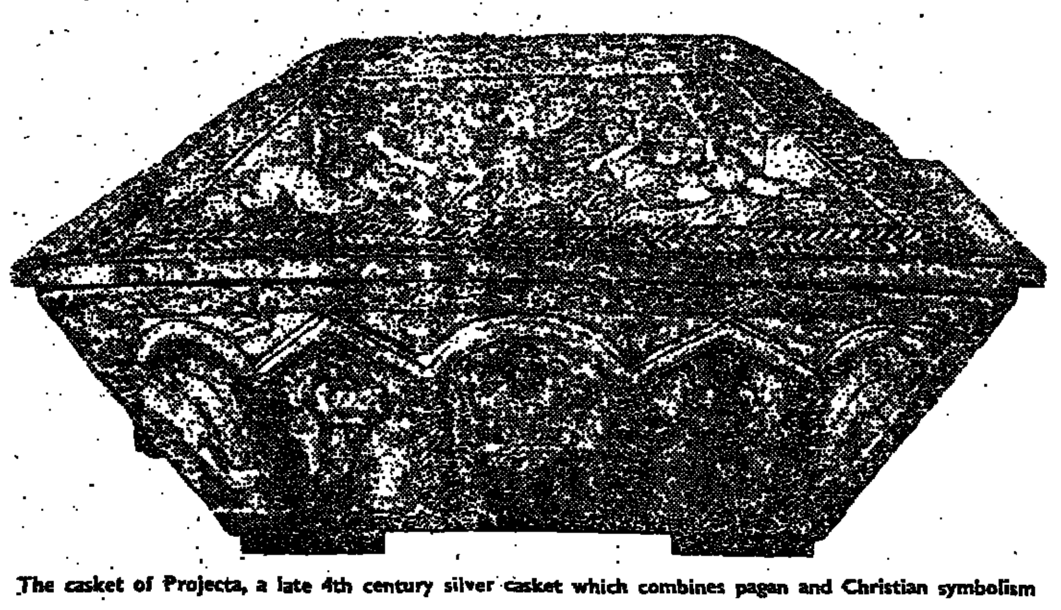
Indeed perhaps the great benefit of the Exhibition is the way it ties our islands into the Roman Empire. The remarkable silver dish from the reign of the Emperor Anastasius, discovered among the Sutton Hoo hoard, now seems less surprising: it is the Nordic aspects of this East Anglian king's burial that are unusual.

In the same way the mixture of Christian and Pagan treasures unearthed on a single site underline the diversity of the post-Roman world. Once again Britain has much to contribute — the Walter Newton Hoard, only found two years ago in Huntingdonshire, is the earliest known group of Christian silver from the Roman Empire, being hidden around 350 AD. It makes a touching display.

The Wealth of the Roman World is remarkable for showing how the genius of Rome flickered on for a few more decades after the tribes from the east captured the Capitol. There is a sadness about many of the exhibits which were committed to the earth in times of panic, with the Barbarians at the Gate. This is especially true of the Esquiline Treasure, hidden perhaps in the very days that Alaric the Visigoth was before the walls of Rome in 410. The casket of Projecta, produced for a society wedding, and decorated with pagan and Christian symbols, is vainly grand, as is the silver toilet casket containing the bottles that held temporarily oils and perfumes.

There are a few signs of confidence, notably in the Cyprus Treasures, which include nine large silver plates telling the story of David. They were made in the early 7th century, and reflect the influence on the island of Byzantium. But the Byzantine connection is not stressed in this Exhibition, except in the coins. (It is interesting how the early coins of Islam were copied, in weight and appearance, from the Eastern Empire until quite late.)

All in all the Wealth of the Roman World will not change the accepted opinion that this was a time of fear and uncertainty, of a great recession. But it sheds light on the diversity which flourished within the general disintegration.



The casket of Projecta, a late 4th century silver casket which combines pagan and Christian symbolism

Elizabeth Hall

Edita Gruberova by ELIZABETH FORBES

As those who heard her sing the Queen of the Night at Glyndebourne three or four years ago will remember, Edita Gruberova has a voice bright-toned, keenly focused and particularly strong and secure in the upper register. At her recital, promoted by the Anglo-Austrian Music Society and the Austrian Institute at the Elizabeth Hall on Sunday, the soprano demonstrated that, while its flexibility remains undiminished her voice has gained considerably in power, not only at the top but in the middle register as well.

An opening group of songs by Mozart was a little disappointing, though "Das Veilchen," delicately phrased, was appropriately bitter-sweet in mood. Then Miss Gruberova turning to Richard Strauss, sang the six Brentano settings composed with the voice of Elisabeth Schumann in mind, and sailed through their difficulties without turning a hair.

In a section of well-loved Schubert songs all settings of poems by Goethe, "Suleika" was filled with tense, restless emotion, while poor Gretchen at her spinning-wheel, deserted and despairing, recalled Faust's kisses in agonising detail. Later, *in her encores, Miss Gruberova* proved an accomplished comedienne in two Mahler settings, the traditional "Hans und Grete," and "Wer hat dies Liedlein erdacht?" from *Des Knaben Wunderhorn* in which her comically rueful manner was just right.

The main part of the programme ended with Dvorak's *Gypsy Songs*, idiomatically sung (Edita Gruberova was born in Bratislava). Her recently acquired strength in the middle register was particularly noticeable in these settings.

Erik Werba played the piano parts of these songs with great rhythmic dash, and during the rest of the recital—particularly in Strauss and Mahler—was a positive and consistently helpful accompanist.

John Player Festival

John Player and Sons was founded 100 years ago—the year that Queen Victoria was declared Empress of India — and in its centenary year it will celebrate with a generous contribution to the artistic life of London with the John Player Centenary Festival (July 1—9) whose artistic director is Andre Previn.

The festival will include four world premiere performances: the first premiere, on the opening night at the Festival Hall, will be a Tom Stoppard play, *Every Good Boy Deserves Favour*, with music by Andre Previn, and includes 80 musicians from the London Symphony Orchestra and players from the Royal Shakespeare Company directed by Trevor Nunn.

A second major commission, to be given six performances at the Festival Hall from July 5, is a new ballet performed by Ballet Rambert and Lindsay Kemp.

There will be six evenings of music and theatre at the Cottesloe Theatre from July 4: *The Ballad Tree* will comprise traditional ballads as well as the world premiere of a specially created work by Tony Harrison and composed by Harrison Birtwistle.

The fourth premiere is a jazz score commissioned from Paul Hart, a 21 year old member of John Dankworth's band. *Sherwood Forest Suite* will be performed as part of an Elizabeth Hall programme by the National Youth Jazz Orchestra on July 2.

There will be two concerts, on July 6 and 7: King's College Choir, Cambridge, and the orchestra of St. John's, Smith Square, conducted by Philip Ledger, performing music by Purcell at the Elizabeth Hall (July 6) and Handel at Westminster Cathedral (July 7).

On July 3, there will be an LSO concert with the Black Dyke Mills Band, which Andre Previn will conduct, together with a performance of *Belshazzar's Feast*. On July 8 there will be a performance of Messiaen's cult work for piano, ondes martenot and orchestra, *Turangalila*, with Jeanne Loriod and Michael Beroff as soloists.

*

The John Player Foundation is sponsoring two other projects this summer—a Jubilee record of music by Elgar and Parry, to be released by EMI later this month, and a Crafts Award Competition, organised in association with the *Daily Telegraph*, the winning entries of which will be displayed at the National Theatre during the festival. D. P.

W. D. & H. O. Wills underwrites Prospect Theatre

David Russell, chairman of the Prospect Theatre Company, has announced that W. D. & H. O. Wills is to underwrite the ten week Jubilee Season at the Old Vic. The season opens on May 3 with Eileen Atkins as *Saint Joan*, to be followed by Timothy West in *War Music* and Derek Jacobi as *Hamlet*.

EUROPEAN NEWS

NATIONALISM IN LITHUANIA

The ghost in the machine

BY DAVID SATTER

SOMETHING ODD went on one night last month in Vilnius, capital of Soviet Lithuania. Along Lenin Prospect, the main avenue, clusters of militiamen were in evidence at regular intervals, and in the darkened side streets police were stopping passers-by and asking for identification.

There were two explanations for what was taking place. The police said they were investigating the fatal shooting of a militiaman during the robbery of an office of the state insurance company. Lithuanian nationalists said that Vilnius is always ringed with police on February 16, because it is the anniversary of Lithuania gaining independence after the first world war.

Mr. Kestutis Jakubynas, an archivist who spent 17 years in Soviet prison camps for nationalist activities, was picked up that evening in front of one of the main hotels in Vilnius. He spent his years in the camps learning foreign languages and has applied to emigrate to Canada. When the police asked him about the shooting, he told them, "I'm not going to play a part in your comedy."

Whatever the reason for the display of force that night, there is no doubt that nationalism continues to be a factor in Lithuanian life even to-day, 37 years after the country was incorporated into the Soviet Union to be transformed from a somewhat backward, independent nation with a largely agrarian economy into a highly industrial and primarily urban Soviet republic.

The incorporation into the Soviet Union in 1940 was accompanied by mass deportations. Lithuania was subsequently occupied by the Nazis during the second world war and then, for eight years after the war, new deportations took place together with forced collectivisation and bitter partisan warfare against Soviet rule.

Once the partisans were suppressed and the futility of further resistance was generally accepted, Lithuania embarked on a period of remarkable economic growth under a programme of rapid industrialisation. During 1940-69, taking the period as a whole, Lithuania actually led all Soviet republics with the growth rate of its gross industrial product. Soviet figures show that Lithuanian industrial output has risen 49 times over since 1940, whereas industrial output in the Soviet Union as a whole between 1940 and 1972 increased by 13.6 times.

The creation of a modern industrial base, which has made Lithuania a major producer of machine tools, automation equipment, electronic computers, radio and TV sets, refrigerators, and fishing trawlers, has been accompanied by urbanisation. Only 22.9 per cent. of the population of Lithuania lived in cities in 1939, but by 1975 the urban population had risen to 57 per cent., including about 450,000 persons in Vilnius. The post-war collectivisation of agriculture, which provoked armed resistance from Lithuanian peasants, was 96 per cent.

accomplished by mid-1952. To-day the emphasis is on inducing peasants to leave their surviving individual homesteads for prefabricated "agro-towns" and creating automated complexes for highly specialised agricultural production, freeing workers to go into industry which is short of manpower, and changing the character of the republic still further.

Against this background, Lithuanian nationalism, which is thought to be among the most fervent of local nationalisms in the Soviet Union, only rarely takes the form of open mass resistance. Although there was a riot in Kaunas in 1972 following the self-immolation of a young Roman Catholic, it was by far the worst nationalist disturbance in the Soviet Union during the last 20 years. Resistance now manifests itself in frequent acts of individual protest, rare in other parts of the Soviet Union; the circulation of Lithuanian language underground journals, and the existence of various ill-defined nationalist groups which have a marked appeal, particularly for the young.

The atmosphere in Vilnius is one of surface calm brought about at least partially by economic development. The fate of the formerly independent country is aptly reflected in the appearance of the town, which is circled by rows of modern apartment blocks built with materials and processes standard throughout the Soviet Union, but has at its heart the old city with darkened passageways and inner courtyards in the shadow of old, ornate Catholic churches.

Lithuania enjoys a material standard of living which is higher than that of the Soviet Union as a whole. It trails only Estonia and Latvia among Soviet republics in terms of produced income per capita.

Nationalist incidents are seldom mentioned in the Press, but the following are reliably reported to have taken place in recent months in the city of Vilnius: a Lithuanian Soviet Republic flag was torn down from the dormitory of Vilnius state university; students removed a portrait of Lenin from the central post office; signs saying "Free Lithuania—Russians get out," appeared on public buildings; and the old Lithuanian national flag was raised for a brief moment above the Ministry of Internal Affairs which has charge of the police.

Such incidents are not likely to interfere with the Lithuanian Republic's economic growth which will be aided during the 1976-80 five-year plan period by the construction of an atomic power station and the opening of the first stage of the massive Mazeikiai oil refinery which is to go into service in 1978. But overt acts of protest are not typical in the Soviet Union and stand as visible manifestations of a nationalist feeling that material progress has not been able to eliminate.

There are believed to be many small groups of people scattered throughout the Republic who meet for religious or national purposes but have no legal means of communicating with each other. On December 21, four men in Kaunas and Vilnius were arrested. Typewriters and hundreds of nationalist leaflets were confiscated. The men were connected with a group called the Union of Organisations of Independent Peoples, but despite signs that they had made extensive organisational preparations, their group was completely unknown to nationalists in Vilnius.

The most tangible manifestations of enduring Lithuanian nationalism are the underground Lithuanian language journals which appear regularly and discuss religious issues as well as aspects of Lithuanian history during the period when the country was independent. There are four such journals to-day, the oldest and most famous being the Chronicle of the Lithuanian Catholic Ch[...] which, despite attempts to repress it, has been appearing [...] typescript since the spring [of] 1972. Two arrests were [...] in Vilnius recently in [connec]tion with the chronicle. [...] underground journals appear [...] Latvia or Estonia, the two [...] Baltic republics absorbed by [the] Soviet Union.

Lithuania has recovered demographically as well as economically from the deportation of the second World War and the mass deportations of 1940-41 and 1945-50. In [...] however, the population of [...] was only slightly higher than [...] population had been in [...] About 80 per cent. of the population are Lithuanians [...] Lithuanians comprise only [...] cent. of the population [...] Vilnius), and the national balance is relatively [...] Lithuanians have dominated [the] leadership of the Lithuanian Communist Party since [the] Khrushchev era and the leadership is believed to be committed to developing national culture in a socialist context.

The difficulty in Lithuania [...] in other Soviet [...] republics, is that not all [aspects] of Lithuanian national culture fit easily into the socialist framework. The collectivisation and transformation of agriculture [is] helping to complete the process of placing the republic [on an] urbanised basis more [...] to Soviet rule. But the [...] of the Church, in what is [tradi]tionally a devout [...] Catholicism in north-east Europe, are opposed to Marx[ism]. It is this ideological [...] which gives nationalism [in] Lithuania its unusual tenacity.

There are now believed to [be] 1½m. believers in Lithuania. Their share in the population is far higher than in the Soviet Union as a whole. Many people in Lithuania attend Church festivals and many other [...] special occasions such as [...] or funerals with religious [...] as a passive means of expressing nationalist sentiments.

A nationalist Catholic [...] in Vilnius, however, said he [had] little hope for the future [of] Catholicism in Lithuania. There is a shortage of bibles [and] religious texts, he said, and Soviet law forbids anyone [but a] parent from giving religious instruction to a child, [which] effectively precludes [...] religious schools but [...] according to the strict [...] the law, religious instruction [...] close relatives. At the [same] time, children are subject [to a] steady stream of atheist [propa]ganda.

LEGAL NOTICES

THE OFFICIAL ASSIGNEE
THE STOCK EXCHANGE, LONDON

In the matter of the Estates of the following

F. G. Osborne-Smith & Co. Declared Defaulters 10th November 1970
Brown Bliss & Co Declared Defaulters 29th January 1971
A. Carroll-Marx & Co., Declared Defaulters 15th February 1971
All formerly trading as Stock & Share Brokers, The Stock Exchange, London.
Bartlett & Co., Declared Defaulters, 17th December, 1970.
Formerly trading as Stock & Share Brokers, Midlands & Western Stock Exchange
J. H. Summerfield & Co., Declared Defaulters 11th July, 1973.
Formerly trading as Stock & Share Brokers, Northern Stock Exchange.

Take notice that the Official Assignee of The Stock Exchange Trustee by Deed of Arrangement of the above-named Estates, declares that the Final Dividend to Creditors will be paid after the expiry of this Notice:

Any person or Company who consider they may have a claim against any of the above-named firms, or any partner of those firms and who have not completed and returned a Form of Assent to the Deed of Arrangement, must lodge their Claim by 31st May, 1977.

No claim submitted after 31st May, 1977 will rank for distribution of dividends.

Further claims should be forwarded direct to The Official Assignee, The Stock Exchange, London EC2N 1HP.

No. 001062 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matter of JENNINGS ENGINEERING LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of March 1977 presented to the said Court by RYCROFT (CALORIFIERS) LIMITED, 129-131 Sunbridge Road, Bradford, BD1 2NL and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 9th day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

B. J. W. WINTERBOTHAM,
Imperial Chemical Industries Limited,
Imperial Chemical House,
Millbank, London, SW1P 3JF,
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of May 1977.

COMPANY NOTICES

UNILEVER LIMITED

NOTICE IS HEREBY GIVEN that registration of transfer of Ordinary Shares in the Company will be suspended for one day only on the 29th April, 1977 for preparation of dividend warrants payable on the 23rd May, 1977. Transfers of Ordinary Shares lodged after the close of business on the 28th April, 1977 will be registered ex dividend.

BY ORDER OF THE BOARD,
J. D. KEIR,
Secretary.

Port Sunlight,
Wirral,
Merseyside.
4th April, 1977.

N.B.—In accordance with the current procedure of The Stock Exchange, London, the 25p Ordinary Shares in Unilever Limited will be quoted ex dividend on the 12th April, 1977.

American Shares each representing four 25p Ordinary Shares in Unilever Limited

The arrangements between Irving Trust Company (Irving) and the Company for the issue by Irving in New York of Depositary Receipts for American Shares against the deposit with Irving in London of 25p Ordinary Shares in Unilever Limited provide that acceptance of ex dividend shares tendered to Irving in London for deposit on or before the record date fixed by Irving in New York for payment of a dividend on the American Shares shall be deferred until after such record date.

The record date fixed for payment of the first instalment of the final dividend in respect of 1976 on the American Shares is the 28th April, 1977.

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

NOTICE TO SHAREHOLDERS

The Ninety-sixth Annual General Meeting of the Shareholders of this Company, for the election of directors to take the places of the retiring directors and for the transaction of business generally, will be held on Wednesday, the 4th day of May next, at Le Chateau Champlain, Place du Canada, Montreal at eleven a.m. (daylight saving time, if operative).

The transfer books of shares and stock will be CLOSED at the close of business on Tuesday, the 26th day of April, 1977 and will be reopened on Thursday, the 5th day of May, 1977.

The Board of Directors has specified that the time before which a shareholder intending to vote by proxy at the Annual General Meeting or any adjournment thereof must deposit his proxy with the office of the Secretary of the Company at Montreal, Que. shall be five p.m. (daylight saving time, if operative) Monday, May 2nd, 1977.

By Order of the Board.
J. C. AMES,
Secretary.

Montreal,
March 14th, 1977.

PUBLIC NOTICES

DEVON COUNTY COUNCIL BILLS totalling £5m. will be issued on 5th April, 1977, maturing 5th July, 1977, at 8[illegible]% per annum. Total applied for £33½m. Bills outstanding £5m.

هكذا من الرجل

EUROPEAN NEWS

Castro arrives in Moscow at end of eight-nation tour

BY OUR OWN CORRESPONDENT MOSCOW, April 4.

GEN. FIDEL CASTRO, Cuba's President, arrived in Moscow to-day, presumably to report on his eight-nation tour of African and Arab countries.

He followed by only a few hours the Soviet President Mr. Nikolai Podgorny, who also was returning from an African trip. The two visited some of the same countries, but their paths did not cross during what was clearly a two-pronged Communist diplomatic initiative in Africa.

Western diplomats here are still studying the communiques, but already they believe that Mr. Podgorny has considerable progress to report to the Kremlin.

He was well received even in countries not previously particularly well disposed to Soviet influence in Africa—such as Western-looking Zambia and Tanzania, which at one time had accepted considerable Chinese assistance.

His greatest success came in Mozambique, where Mr. Podgorny and President Samora Machel concluded a 20-year friendship treaty—the third for the Soviet Union in Africa. The others are with Somalia and Angola. Egypt repudiated a similar treaty last year.

Although the Soviet-Mozambique treaty refers to military co-operation it apparently does not countenance the establishment of a Soviet military base. The treaty undoubtedly will provide the basis for support of black guerillas operating from Mozambican territory against Rhodesia.

Mr. Podgorny made black aspirations for majority rule in southern Africa the theme of his trip and emphasised that the Soviet Union was prepared to support armed struggle. Western diplomats here said they feared that the visit might have done much to undercut British and U.S. efforts to find a peaceful way to political reform in southern Africa.

Gen. Castro's African odyssey covered more ground, both geographically and diplomatically. He also visited the black confrontation states, pledging in particular to continue supporting Angola. Cuba is estimated to have about 15,000 soldiers in Angola, who helped the Soviet-backed faction with a civil war at Angola's independence a year ago. They have continued to help keep order during outbreaks of tribal unrest.

The Cuban leader also visited the south Yemen, Libya, Algeria, Somalia and Ethiopia, and the southern Africa confrontation states.

Taken together the Castro and Podgorny trips represent a major escalation of Soviet interest in Africa. Mr. Podgorny was the first top Soviet leader ever to venture south of the Sahara.

Leslie Colitt writes from Berlin: Gen. Castro and East Germany's leader, Herr Erich Honecker, have pledged their maximum support for African guerilla movements and for African countries with a "socialist orientation." The Cuban President's surprise visit to East Germany is seen as part of a programme of co-ordinating Communist military and technical aid to African states.

Tito calls for vigilance

BY PAUL LENDVAI VIENNA, April 4.

PRESIDENT TITO of Yugoslavia, and Minister of Defence General Nikola Ljubicic, have called for increased defence efforts and vigilance in face of permanent pressures exerted by "imperialistic and hegemonistic" forces.

In a letter addressed to the party conference of the Communists in the Yugoslav armed forces last week, Marshal Tito warned that Yugoslavia was subjected to permanent pressures and threats. His reference to "hegemonistic forces" was a clear allusion to the Soviet bloc.

External enemies, he said, wanted to undermine the Yugoslavia's unity by relying on domestic enemies and by skilfully making capital of the country's weakness and difficulties, he said.

Recalling Yugoslavia's place in the non-aligned movement in international communism, and the forthcoming Belgrade follow-up conference on European security, the President added that there were forces in the world which disliked Yugoslavia's important role.

The Minister of Defence warned that because of its key geographical position, non-aligned foreign policy, and self-government socialist system, developments in Yugoslavia were closely observed by the intelligence services of states with aggressive intentions.

Vienna talks fail to bridge Cyprus gap

UNITED NATIONS Secretary General Dr. Kurt Waldheim said to-day there is no hope of bridging the gap between the rival communities in Cyprus in the current round of negotiations, Reuter reports from Vienna.

"But I hope that the ground can be laid for further negotiations," he said. These will take place in Nicosia to discuss detailed proposals on how much territory each side should control and what kind of federal government should be established.

Turkish-Cypriot negotiator Umit Suleiman Onan said he had detailed "security, economic viability and land ownership" reasons for the rejection of a Greek-Cypriot proposal that the Turkish Cypriots return more than half the territory they now control.

Our Nicosia correspondent writes: President Makarios of Cyprus is confined to bed after suffering a "mild coronary episode" yesterday. Officials said he was still running the affairs of the State

Italian economy

Italian industrial production increased by 9.7 per cent. in February compared to the February last year figures released yesterday by the state statistical institute showed, Agencies report from Rome. Minimum wage levels continued to rise sharply in February due to a rise in the cost of living wage escalator, the institute added. The cost of living index in February was 22.6 per cent. higher than a year earlier, indicating a strong gain in real salary terms for most workers. Banking sources said that Italian foreign exchange reserves, pending availability of the IMF loan which Italy is seeking and of other credits that depend on it, will be further weakened this month by a first repayment of $133m. due on a Mediobanca borrowing in the European market in 1974.

Meanwhile, Venezuela has agreed to make a limited loan to Italy once the loan negotiations with the IMF have reached a successful conclusion, Italy's Foreign Trade Ministry said.

Dutch deficit

The expected Dutch 1977 budget deficit, including short-term economic measures, has been reduced by 2.7bn. guilders to 11.9bn., Finance Minister Wim Duisenberg told Parliament, Reuter reports from the Hague.

French wage rise

The minimum hourly wage in France has been increased by 2.2 per cent. to Frs.9.14—effective April 1, AP-DJ reports from Paris. This brings the minimum monthly salary to Frs.1,590 on the basis of a 40-hour working week, compared with Frs.1,556 since the minimum wage was last increased (by 2 per cent.) on December 1

Striking £13,000-a-year printers stop Danish presses

BY HILARY BARNES COPENHAGEN, April 4.

A LABOUR CONFLICT which broke out at the Berlingske Publishing House in Copenhagen on January 30 has spread and is preventing the publication of virtually all newspapers, with the exception of a few small Left-wing papers and the business newspaper, Boersen. This is the worst labour conflict to hit the Danish Press for a generation.

Superficially, at least, the Berlingske conflict has nothing to do with new newspaper technology, although the issue is hovering in the background. It is a conflict over the management's attempt to end house agreements which have led to gross overmanning of existing equipment.

Issues connected with new technology are, however, deeply involved in the spread of the conflict from the Berlingske House to the rest of the Press.

Berlingske publishes the country's leading morning newspaper, Berlingske Tidende (circulation, 131,000), the popular tabloid BT (circulation, 230,000), and the weekly Weekendavis, as well as several magazines and local advertising give-aways. Berlingske is the oldest newspaper publishing-house in Europe and remains the flagship of the modern Danish Press.

The origin of the dispute goes back to a 1960 house agreement which gave the printing staff very favourable terms of employment. The house was able to meet the cost during the 1960 boom years, but even then the group's profitability was not especially good. Over the past few years the group's earnings have alternated between small profits and small losses. Predicting a loss of Kr.30m. to Kr.40m. in 1977, the management decided that a consolidation of the house's financial position was urgently necessary.

In order to bring this about, it wants to dismiss about 300 out of 900 printing staff, and later on to run down printing staff even further.

The house agreement of 1960 has produced a situation in which printers earn Kr.120,000 to Kr.140,000 (£12,000 to £14,000). While printers are paid for working 36 hours a week, their actual working-hours average about 25 hours a week. The number of days worked will often be in the region of 160 to 180 days of the 311 working days a year, while 130 to 150 days will be free, including 30 days' annual holiday.

The management spent two years trying to negotiate revised work schedules, but after receiving two labour Court judgments backing the management's right to alter the house agreement, it sent about 1,000 technical staff home on January 30, when the printers refused to start work according to new schedules. Ten days ago, the 1,000 technical staff were fired. The labour Court had twice fined them and ordered them to go back to work.

It was the decision to fire the printers which caused printers at most other newspapers and many printing works to come out in sympathy. They have declared that they will not go back to work until the Berlingske dispute is settled.

However, the entire printing industry is in turmoil as a result of the complex issues raised by the introduction of new printing technology, which leaves no place for the traditional printer. It is, perhaps, a sign of the times that a small provincial newspaper here was able to continue to appear with journalists doing all the operations normally carried out by members of the printing unions.

The technology issues have come to a head in negotiations for new collective wage agreements. The printing unions are demanding "the right to mediate the printed word," meaning that they want to do all the jobs which arise from the time a manuscript is delivered until it leaves the printing house as a finished product.

This will involve the printers in doing several jobs which fall within the natural province of journalists and equivalent staff at advertising agencies. These are extremely complicated issues and the future of the traditional printer is at stake. These problems might well have led to newspaper strikes this spring anyway. The Berlingske conflict rubbed salt into a wound which was already inflamed.

Finland devalues by 5.7%

By Lance Keyworth

HELSINKI, April 4.

THE FINNISH Government decided to-night to devalue the Finnmark by 5.7 per cent. This means in fact that Finland has felt obliged to lower the foreign value of its currency to match the 6 per cent. devaluation announced by Sweden on April 1 in order that the "competitiveness of Finnish exports should not be weakened in these circumstances."

Sweden is Finland's biggest competitor in the West European pulp and paper market, and also is Finland's second biggest export market for other goods. Finnish industries, faced with labour cost increases averaging 20 per cent. a year for the past three years, complain that what little competitive advantage they had over Sweden has been eroded.

The Government and the Bank of Finland consulted unions and employers before coming to this decision, which was not expected until to-morrow. Apparently the central associations of employers and unions do not regard the roughly 6 per cent. devaluation as an "essential" change in the foreign value of the Finnmark, but it will be up to the individual unions to decide whether to make an issue of this in the current collective bargaining negotiations.

Pay package agreed in Norway

BY FAY GJESTER OSLO, April 4.

A NEW package regulating wages and incomes over the coming year for about 300,000 Norwegian workers was agreed at the week-end between representatives of the Government, the unions and employers.

In return for tax concessions worth about Kr.1.1bn. this year, and a promise to extend present temporary food subsidies at least until the end of 1977, the unions have agreed to accept pay increases averaging only 2.9 per cent. The Government has also promised to hold down prices—by means of extra subsidies—so that wage earner's real disposable incomes will rise by an average of 2.5 per cent. in 1977.

The employers, at first unwilling to grant any pay increases above the expected wage drift, relented at the week-end following Friday's decision to devaluate the Norwegian krone by 3 per cent.—a move which they hope will make Norwegian goods more competitive on most foreign markets. Another important factor was the Government's promise to cut the employers' contribution to social security charges (by ½ per cent. from May 1).

The talks had been deadlocked until the devaluation announcement, and the 300,000 workers affected were due to go on strike from Friday evening. After the news, it was agreed to extend negotiations through the weekend, and a general settlement was reached yesterday.

● Output of crude oil on Norway's Ekofisk field has fallen by around 10 per cent. as an indirect result of the delay in opening the gas pipeline linking the field with Emden in West Germany, an oil directorate official confirmed to-day.

Production had been high through most of the first quarter of 1977, the official said, because the directorate had permitted the burning of a larger amount of gas than normal, in connection with testing of equipment on the field. Now, however, the requirement that most of the gas extracted should be re-injected was again in force, and this would lead to a reduction of crude oil output by about 10 per cent. for some time to come. He could not say when the Emden line was likely to be opened.

Sweden raises VAT to fight inflation

BY JOHN WALKER STOCKHOLM, April 4.

SWEDEN to-day announced a 3 per cent. increase in value added tax, and a general price freeze following last Friday's disclosure of a 6 per cent. devaluation of the Krone. The measures are aimed to bring the country's balance of payments into equilibrium by curbing inflation and dampening domestic demand. The Minister of Economy Mr. Gosta Bohman said it should not be looked on as a devaluation but more as an adjustment of the Krone's official rate to its real value.

The Government has imposed a general price freeze until the end of May, when it will be reviewed, but the main prop of its measures is the increase in VAT which brings it up to 20 per cent. This will not hit social services as hard as first thought, as old age pensions are index-linked and will be automatically adjusted.

The date for the rise in the child allowance, fixed in this year's Budget, is to be brought forward. There is to be a special tax imposed on the construction of non-essential building—15 per cent. of the cost of each project—which will operate from May this year until July 1978.

Hilary Barnes writes from Copenhagen: Denmark will ask for a 3 per cent. devaluation of the "green krone" at the meeting of Agricultural Ministers later this month, Economy Minister Per Haekkerup said. This would bring the "green krone" into line with the official krone exchange rate, following Friday's decision to devalue by 3 per cent. against the West German mark, as part of the European currency snake re-alignment.

Denmark's is now the only EEC currency for which there is no divergence between the official exchange rate and the green krone exchange rate for EEC units of account.

Davies hits at U.K. over EEC

By Robin Reeves

BRUSSELS, April 4.

THE BRITISH Government's approach to the EEC was strongly criticised as "inadequate and negligent" by Mr. John Davies, the Shadow Foreign Secretary.

Addressing a meeting of the right-wing European Democratic Forum, Mr. Davies accused British Ministers in their Brussels dealings of "dodging and weaving around, trying to bend the rules to get any kind of short-term national advantage.

Mr. John Silkin, the U.K. Minister of Agriculture, was the clearest example of the behaviour he had in mind, he said. "Mr. Silkin is a declared opponent of the Community and wastes no opportunity in making his continued opposition known. But at the same time, he seeks to pander to popular opinion in Britain by claiming to defend our national interests while in fact damaging them beyond belief."

Swiss real wages almost unchanged

By John Wicks

ZURICH, April 4.

Initial figures show that real wages remained almost unchanged in Switzerland last year. On the basis of pay given in casualty returns, the government states that hourly wages went up by only some 1.8 per cent. over 1975 levels. Given an inflation rate of 1.7 per cent. for 1976, this means there was a 0.1 per cent. drop in real pay for wage-earners.

AMERICAN NEWS

Vance concedes U.S. may have misjudged approach on SALT

BY OUR OWN CORRESPONDENT WASHINGTON, April 4

MR. CYRUS VANCE, the U.S. Secretary of State, conceded yesterday, that the U.S. might have miscalculated the Russian response to the comprehensive arms control proposals rejected by the Soviet Union last week.

In response to a question following a two-hour private session with President Carter, Mr. Vance said that "no one can say that they never make miscalculations," but would not be drawn further on what particular miscalculations he might have been referring to.

His remark echoes the somewhat gloomy assessment of others in the State Department now that the American party has returned to Washington. While the proposals are still considered to be sound there is a feeling that they were presented too rapidly to the Russians and that the U.S. negotiating style may have left a little to be desired.

That may be part of the reason for the conciliatory American reaction to the continuing barrage of criticism in the Soviet Press. Both Mr. Vance and the President have been careful to stress the positive achievements of the talks and Mr. Vance said yesterday that "I would hope that upon reflection they would see that it is not unfair. We believe that it is a very fair proposal."

Mr. Vance rejected suggestions that the U.S. proposals had come as a shock to the Russians, saying that the broad outlines of them had been discussed with the Soviet ambassador to Washington before he left for Moscow in advance of the talks. "Our proposals were not a shock to the Soviet leaders but they obviously did require a great deal of careful and long-term negotiations."

The Secretary said that, for all the hostile Russian comment following the end of the talks, they had "indicated very strongly that they wished to keep the talks going." Arms control, he went, is "a business that is not accomplished overnight. Now we are talking about real arms control where we are trying to get at the heart of the problem and really reduce the number of weapons."

Deadline draws near for steel industry accord

BY STEWART FLEMING NEW YORK, April 4

WITH THE April 7 deadline for agreement approaching, the United Steel Workers union and the ten major steel companies are believed to be still some way from finalising a new three-year wage contract, according to unofficial reports emerging from the talks.

Under the terms of the steel industry's experimental negotiating agreement, if the outstanding issues are not resolved by Thursday the union and management must submit the new contract to binding arbitration.

Neither side will be anxious to see such an impasse. Already, there are indications of attempts to increase the pressure for a settlement for the 350,000 steel workers affected. Thus union negotiators are understood to be attempting to shift some of the issues from the national bargaining table to the local level.

Since there are no binding arbitration rules governing local negotiations such a shift is tantamount to a threat of strike action, although this threat is not allowed to materialise until August 1 under the terms of the existing contract.

The negotiations are complicated by the new ground which the union is seeking to establish during what is the last round of collective bargaining under the retiring president of the United Steel Workers, Mr. I. W. Abel.

The union has declared that it is seeking a "lifetime" job security agreement to protect members with length of service qualifications from layoffs in the cyclical steel industry.

Under one form of the security concept under discussion, workers would be able to take lesser skilled jobs at full pay rather than face layoffs when business is slack. Alternatively, an agreement might allow the employee to opt for being laid off but provide more generous supplemental unemployment benefits to top up State unemployment benefits. The option of taking a lesser skilled job at a slightly lower salary would remain.

In return for the improved contract which is expected to emerge for steel workers, the employers are understood to be seeking a broader classification of work skills to enable them to use skilled tradesmen to carry out, for example, maintenance.

Canadian Competition Bill delay

BY VICTOR MACKIE OTTAWA, April 4

THE CONTROVERSIAL and complicated new Competition Bill introduced into this session of the Canadian Parliament by Consumer and Corporate Affairs Minister Anthony Abbott will not be passed at this session. The subject matter of the proposed legislation has been referred to the Commons Finance Committee for study and the hearing of witnesses this spring.

The Bill is scheduled to be brought back and reintroduced into the next session of Parliament in the autumn. This unusual procedure — sidestepping the second reading stage — has been adopted to enable the committee to get down to work this spring and allow those wishing to make representations to appear.

Ordinarily, after a Bill has been introduced it gets its first reading and then goes into the second reading stage. The Commons, with agreement of all parties, decided to turn the measure over to the committee after first reading so that witnesses could appear.

The Committee may be in a position to make a report to the House next autumn. The intention is to have the Bill reintroduced and given a first reading at the third session of this 30th Parliament. The second session is now in progress.

The new Bill is the second and final stage of an overhaul of the anti-combines law. The first stage, which extended the law to cover service industries and outlawed a number of advertising and marketing practices, was approved by Parliament in December 1975. The new Bill provides for a powerful independent body—the Competition Board—that would regulate mergers, prevent monopolies and oversee business practices that affect competition. Some anti-competitive practices would be allowed if they could be shown to bring increased efficiency to a company's operations.

Monetary reserves fell in March

OTTAWA, April 4.

CANADA'S official monetary reserves fell by $176.7m. in March to total $5.09bn. at month-end, the Finance Department reported.

It was the third consecutive month the reserves have declined and brought the total loss since the end of December to $749.3m. All the reserve figures are expressed in U.S. dollars.

The end-March reserves comprise U.S. $2.70bn., down from $2.88bn. at the end of February. Other foreign currencies were $16.9m., up from $16.6m., gold was $886.5m., up from $884.1m. Special Drawing Rights $549.2m., down from $552.7m., and reserve position in the International Monetary Fund $939m., up from $936.4m.

AP-DJ

Guyana Cabinet reshuffle

BY OUR OWN CORRESPONDENT GEORGETOWN, April 4.

FIVE MINISTERS have been dropped from, and three new persons have joined, the Cabinet of Mr. Forbes Burnham, in a reshuffle expected since December.

A surprise appointment was that of Mr. Vincent Teekah, the new Minister of Education, Social Development and Culture. He was, until the 1973 elections, the education spokesman of the opposition People's Progressive Party and one-time principal of its Marxist ideological college.

Observers feel that the reshuffle is intended to give Mr. Burnham an election Cabinet, because polling is due next year. For the rest of the year, the government is expected to pull out the stops to restore the nation's economic health, following difficulties which have left Guyana with a foreign exchange deficit of £12m. The Feed-Clothe-House-Ourselves programme, linchpin of the last development plan, did not perform up to standard.

The three new ministers are all young and somewhere on the Left, but it is not apparent whether Mr. Burnham's intention is to strengthen the Left in the Cabinet. Apart from Mr. Teekah, the other two are Mr. Robert Corbin and Mr. Jeffrey Thomas, both of whom have come up through the ranks of the ruling People's National Congress.

Brazilian uranium enrichment forecasts

By David White

RIO DE JANEIRO, April 4.

BRAZILIAN researchers say they will be in a position in two or three years to launch a uranium enrichment programme using their own technology.

The claim was made by Professor Sergio Neves Monteiro, director of post-graduate engineering programmes at the federal University of Rio de Janeiro. It comes at a time when Brazil is under pressure from the U.S. to alter its 1975 nuclear agreement with West Germany, under which Brazil is to share the West German "jet nozzle" process for enrichment.

According to some reports, the Soviet Union is also opposing the transfer of "sensitive" technology under the deal.

The German enrichment process is still untried commercially, and installation of facilities in Brazil is not expected to take place until a later stage of the nuclear programme.

For the first two of the eight reactors being bought from West Germany, the Brazilians plan to buy enriched fuel from Urenco, in which the Germans, the Dutch and the British have one-third shares. However, Dutch objections to sale of fuel produced under the tripartite gas centrifuge process have still to be ironed out.

Both the Dutch Foreign Minister, Mr. Max van der Stoel, and the U.S. Under-Secretary in charge of energy affairs at the State Department, Mr. Warren Christopher, held inconclusive talks recently in Brasilia.

Chile $5m. EEC food aid

By Hugh O'Shaughnessy

CHILE has received some $5m. worth of food aid from the European Community since 1975. The supplies — wheat, skimmed milk powder and butter oil — have been channelled through Catholic Relief Services to relieve hunger among children, old people and the families of political prisoners, according to a Community spokesman in Brussels.

Next month the European Parliament in Strasbourg will vote on a motion tabled by Italian Socialists that the Community's office in Santiago should be closed as a protest against General Pinochet's action last month dissolving the Chilean political parties and increasing the number of kidnappings of opponents of the Government.

Arab dialogue call

BEIRUT, April 4.

THE SECRETARY-General of the Organisation of American States, currently on a visit to Amman, said to-day that the Latin American states wanted to establish a dialogue with the Arab world along the lines of the Euro - Arab dialogue.

Such a move would give the Arab and Latin American countries a framework for exploring the possibilities for mutual co-operation, the OAS leader said.

IPS

Sadat visits Carter in hope of clear U.S. line on Middle East

BY DAVID BELL WASHINGTON, April 4

PRESIDENT Anwar Sadat of Egypt was formally welcomed this morning by Mr. Jimmy Carter, the U.S. President, at the start of the Egyptian leader's three-day official visit to the U.S.

Mr. Sadat is the first Arab leader to meet President Carter since he was elected in November. The Egyptian President has made several complimentary references to Mr. Carter in recent interviews, and said in Paris yesterday that this was "one of the most suitable moments in history" for progress towards a Middle East peace.

The Egyptian Embassy here has closely monitored Mr. Carter's remarks about the Middle East, sending full translations of them to Cairo almost as soon as they have been made. It is understood that Arab diplomats here have been favourably impressed by the Carter approach, which they see as a slight but apparent shift towards the Arab position.

Mr. Sadat will want to pin down Mr. Carter on precise U.S. definitions of such phrases as "Palestinian homeland" and "defensible borders" — two phrases which Mr. Carter used recently, somewhat to the surprise of U.S. diplomats. At the same time, the Egyptian [illegible] is hopeful that, despite Carter's avowed opposition [illegible] U.S. arms sales abroad, the [illegible] will agree to sell Egypt [illegible] fighter aircraft and wire-[illegible] missiles. It is expected here [illegible] Mr. Sadat will get most of [illegible] he wants as far as arms are [illegible]cerned.

The U.S. will also be [illegible] to provide more economic [illegible] the hard-pressed Egyp[illegible] economy, and there are [illegible] likely to be questions about [illegible] Carter administration's [illegible] towards the Arab boycott of [illegible]panies which do business [illegible] Israel. Legislation which [illegible] restrict U.S. compliance [illegible] some of the terms of the [illegible] is now working its way [illegible] Congress. The administration [illegible] managed to soften some [illegible] but the Bill is still [illegible] stronger than the Arabs [illegible] like.

Mr. Cyrus Vance, the Secre[illegible] of State, met Mr. Sadat [illegible] this year on his trip [illegible] Middle East, and will be [illegible] part in to-day's talks. Presi[illegible] Carter met, but apparently [illegible] not very much like, Mr. Yi[illegible] Rabin, the Israeli [illegible] Minister, last month and [illegible] meeting Arab leaders [illegible] next few weeks.

Alleged suicide described JFK assassination plot

BY OUR OWN CORRESPONDENT WASHINGTON, April 4

THE LAWYER for a friend of Lee Harvey Oswald who apparently shot himself last week said to-day that his client had convinced him that there had been a conspiracy to assassinate President Kennedy "but never did indicate that he was involved in it."

Mr. Pat Russell, who represented Mr. George de Mohrenschildt, said that he would hand over to the Congressional committee now investigating the Kennedy assassination, the manuscript of a book on the subject by Mr. de Mohrenschildt. He said that there was "nothing substantial or startling" in the book.

Mr. de Mohrenschildt, a Russian emigre with a close connection to Lee Harvey Oswald in the month before he shot President Kennedy, killed himself at his daughter's home last week, according to police who also said that he had a history of mental illness.

His death followed renewed interest in his link with Oswald, interest largely stirred up by Mr. William Oltmans, a Dutch journalist, who told the House Assassination Committee on Friday that in interviews [illegible] de Mohrenschildt had implicated himself along with at least three others in the attempt to kill the former President. Mr. de Mohrenschildt's daughter later claimed that her father had been frightened of Mr. Oltmans who had been "trying to persuade him to say things that were not true."

Meanwhile, another copy of [illegible] letter allegedly written by Lee Harvey Oswald to Mr. H. L. Hunt, the Texas oil millionaire, who died in 1974, also surfaced to-day. The copy of the letter was [illegible] in Mexico and three handwriting experts have apparently certified that it is genuine. The Hunt family has indignantly denied any connection between Mr. Hunt and the killing of the President but the mystery of the letter has not been resolved.

It reads: "Dear Mr. Hunt, [illegible] would like information concerning my position. I am asking only for information. I [illegible] suggesting that we discuss [illegible] matter more fully before any steps are taken by me or anyone else. Thank you. Lee Harvey Oswald."

Kidnapping in Venezuela

BY JOSEPH MANN CARACAS, April 4

KIDNAPPERS holding the son of a wealthy Venezuelan cattleman have demanded a ransom of 16m. bolivars ($3.7m.) for the return of their hostage, it was revealed to-day.

An unidentified group of kidnappers has been holding Sr. Nelson José Machado captive since March 23 and has now doubled the original ransom demand. The father of the victim, Sr. Luis Rodolfo Machado, has said that he will not pay "one cent" to the kidnappers, and is relying on Venezuelan autho[illegible]ties to retrieve his son safe[illegible]. He is one of the most prominent cattle-raisers in the western [illegible] producing State of Zulia.

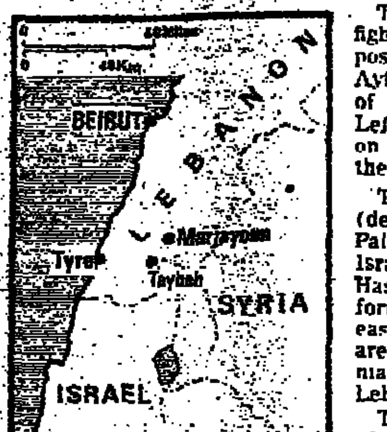
Another kidnapping, involving a U.S. businessman who heads the operations of Owens-Illinois Glass in Venezuela, is still un[illegible]resolved after more than a year.

- Venezuelan crude oil production this year up to the end of February reached an average of 2.35m. b/d, according to the Ministry of Energy.

OVERSEAS NEWS

Israelis fire over border in fierce Lebanon fighting

BY OUR FOREIGN STAFF



FIERCE fighting in south Lebanon yesterday, Palestinian and Lebanese left-wing forces were reported to have retaken the Moslem village of Taybeh, lost to the Christian forces last Thursday.

Taybeh is a few kilometres from the point where the Lebanese, Syrian and Israeli borders intersect. Israeli artillery fired across the border in support of Christian forces, after reports that several shells had landed on the kibbutz of Misgav Am on the Israeli-Lebanese border.

According to Wafa, the Palestinian news agency, fighting was also continuing with right-wing forces at Klaya and Marjayoun, five and eight miles to the north of Taybeh. All these positions are close to the important route which links the port town of Tyre with eastern Lebanon and Damascus.

Ten miles south of Taybeh, fighting was reported for possession of the village of Aytaroun, close to the key town of Bint Jbeil, another important Left-wing *Palestinian stronghold* on the east-west supply route for the Palestinians from Tyre.

There were reports yesterday (denied by Lebanese and Palestinian sources) of an Israeli helicopter landing near Hasbaya, to assist the Christian forces somewhat to the north-east of Taybeh. The Christians are trying to force the Palestinians into an enclave on the Lebanese border.

This would lessen the chances of Palestinian forays into north Israel, which might provoke the the Syrians to move south of the Litaki River. It would also help the Syrians to have the Palestinians regrouped along the road leading to Damascus, to act as a trip wire against a notional Israeli attack.

For some months the committee of Egypt, Syria, Kuwait and Saudi Arabia have been discussing the enforcement of the 1969 Cairo agreement (and the subsequent Melkart amendments of 1973) which regulate the movement and armament of Palestinians within Lebanon.

The counter-offensive yesterday by the Palestinians is to ensure that they retain some freedom of movement in the area and, thus, give them a degree of political leverage.

Front-line African states plan to step up war in Rhodesia

LUSAKA, April 4

BLACK African leaders, meeting in Mozambique, have worked out ways of intensifying the Rhodesian guerilla war, following their talks with Soviet and Cuban leaders, the official Zambian news agency Zana said to-day.

Presidents Kenneth Kaunda of Zambia and Samora Machel of Mozambique, along with senior officials from Angola, Tanzania and Botswana, held seven hours of talks with two key Rhodesian nationalists in Quelimane yesterday, the agency said.

The agency quoted one nationalist, Mr. Joshua Nkomo, as saying that the meeting consolidated his Patriotic Front alliance with Mr. Robert Mugabe, politically and militarily. Mr. Mugabe also attended the talks. The Front was formed last October by the two main guerilla forces fighting in Rhodesia—Mr. Nkomo's Zapu (Zimbabwe African People's Union) and Mr. Mugabe's Zanu (Zimbabwe African National Union). "Ways were worked out at the meeting to step up the liberation war to bring about (Rhodesian Premier) Ian Smith's final and complete defeat," the agency reported Mr. Nkomo as saying.

The meeting of the five countries, which form the front-line group of states ranged against Rhodesia, came only a few days after Cuban President Fidel Castro and Soviet President Nikolai Podgorny toured southern Africa. Mr. Mugabe and Mr. Nkomo discussed their war against the Smith regime when they met Gen. Castro in Angola.

Zambian Foreign Minister Siteke Mwale told Zambian reporters accompanying President Kaunda that the Quelimane meeting came at a crucial time because of Mr. Smith's efforts to reach an internal settlement with what he regards as moderate blacks, Zana said.

The military nature of the Quelimane talks was underscored by the fact that both *Angola* and Tanzania were represented by Defence Ministers.

Agencies

Our Lusaka Correspondent adds: Zambia has started to re-route thousands of tons of cargo marooned in Kenya, most of it at Mombasa, after the closure of the border between that country and Tanzania. Arrangements are to be made for ships to take supplies of lubricants from Mombasa to Dar Es Salaam in Tanzania, where they would be transferred to Tanzania-Zambia railway.

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Congo army names new head of state

BRAZZAVILLE, April 4.

COL. JOACHIM Yhombi Opango, 38, has succeeded Marien Ngouabi as president of the Congo republic the military council announced here to-day. President Ngouabi was assassinated on March 18.

Radio Brazzaville said that the curfew had been cut from 12 to eight hours—from 9 p.m. to 5 a.m., instead of 6 p.m. to 6 a.m.

Maj. Denis Sassou Nguesson, who had been regarded as the most powerful member of the 11-man military council, was named First Vice-President, Defence Minister and co-ordinator of the single political party, the Congolese Labour Party. Maj. Louis Sylvain Ngoma continues as Prime Minister and also becomes Second Vice-President and Minister of National Planning, the council said.

The appointment of Maj. Nguessou, a northerner of the M'boschi tribe, and Maj. Ngoma, a southerner of the Lari tribe, appeared to be part of a council effort to avert an outbreak of tribal warfare in the wake of Ngoubi's death, and of the murder four days later, apparently in revenge, of Cardinal Emile Biayenda, archbishop of Brazzaville. Ngoubi was a M'boschi and Biayenda a Lari.

UPI

Nigeria to borrow abroad to cover £2.3bn. deficit

BY JAMES BUXTON

NIGERIA expects a budget deficit of about £2.3bn. in the *coming year which it will have* to cover by heavy borrowings both internally and overseas, according to Lt.-Gen. Olusegan Obasanjo, the Head of State.

Announcing details of the 1977-78 budget Lt.-Gen. Obasanjo outlined measures to restrict government spending and curb inflation.

Gen. Obasanjo said that revenue in 1977-78 would be Naira 7.65bn. (£6.38bn.) compared with a projected N5.91bn. in 1976-77. After handing over N1.79bn. to the country's 19 States the federal government has N5.85bn. to meet recurrent expenditure of N3.09bn. and development spending of N5.5bn. If development spending plans are fulfilled this leaves a shortfall of N2.84bn.

It is not clear whether Nigeria succeeded last financial year in keeping to its tightly restricted spending target of N5.5bn., but the Head of State said that there had had to be "drastic and often painful cuts" in this year's spending programme and a "stricter reordering of priorities. If we are to be able to finance the estimated capital budget we will have to depend largely on *internal and external loans,*" he said.

By far the largest single item of recurrent expenditure is defence, costing N818m.

Gen. Obasanjo said that Nigeria in 1976 registered its first overall balance of payments deficit—of N242.6m.—since the quadrupling of the price of oil *in 1973-74. In 1975 there was a* payments surplus of N210m. With increased oil production and higher prices in 1976 Nigeria's exports rose by 36 per *cent. to N6.7bn., leaving a sur*plus of N1.6bn. over imports, which rose by 38 per cent. to N5.1bn. But there were deficits on services and invisible *accounts, and the state's external* assets fell from N3.7bn. at the end of 1975 to N3.45bn. at the end of last year.

Nigeria has not borrowed *overseas since early in the* decade. Without new incentives to the majority state-owned oil industry to explore new fields output is not thought to be able to exceed 2.3m. b/d. Gen. Obasanjo said that incentives were being worked out and would be announced shortly.

The Head of State said that Nigeria's inflation rate had fallen in the past year from 35 per cent. to 20 per cent. There was no justification for a general increase in salaries and wages this year, but there would *be increases of up to seven per* cent. for lower paid workers after June 1.

Fiji fears racial violence after ruling party defeat

BY DAI HAYWARD WELLINGTON, April 4.

THE *DANGER of increasing* racial tension and violence between indigenous Fijians and the Indian population of Fiji seems inevitable following the defeat of the ruling multi-racial Alliance Party in the country's second election since independence.

At least 20,000 Fijian voters deserted the Alliance to vote for the anti-Indian Fijian Nationalist Party (FNP), which campaigned with the slogan "Fiji for the Fijians." thus allowing the National Federation Party (NFP), mostly supported by Indians, to gain seats.

The NFP picked up seven seats, finishing with 26, one short of a Parliamentary majority, against the Alliance's 24. The other two seats went to an independent and to the leader of the FNP, Mr. Sakeasi Butadroka.

Many Indians who previously supported the Alliance have become frightened by the growth of strong nationalist, anti-Indian feeling, and switched their support to the NFP, which they feel will protect the Indian community, which now comprises 51 per cent. of the population. The Nationalist party advocates the deportation of all Indians, many *of whom fear a Uganda-type* expulsion.

Racial tension has been simmering for some time, but the Alliance Government under the *highly-respected former* Prime Minister, Ratu Sir Kamisese Mara, has managed to contain it.

The new Premier, 54-year-old lawyer Mr. Siddiq Koya, has won a possibly unwelcome victory. With no outright majority, he will have difficulty governing. Frustrated Fijians, especially those whose actions ironically have brought about the very situation to which they were most strongly opposed, will not be anxious to co-operate.

The election result is almost certain to polarise opinions. The two races in Fiji are separated by wide social and cultural differences. The danger of conflict between the easy-going, leisurely Fijians and the hard-working, commerce-minded Indians must be high, and Fiji could be in for a period of unstable political activity and racial violence.

Reuter adds: Sir Kamisese said he had been approached by a member of the NFP about forming a coalition government, but he refused at the direction of the Alliance party.

Witteveen in Japan talks

TOKYO, April 4.

MR. JOHANNES WITTEVEEN, Managing Director of the International Monetary Fund, today briefed the Japanese Government on plans to create additional lending resources to help non-oil producing developing countries.

Mr. Witteveen conferred with Mr. Michiya Matsukawa, Vice-Minister of Finance for International Affairs, at the start of two days of talks with Japanese leaders preparatory to an IMF committee meeting scheduled for April 28 and 29 in Washington.

Mr. Matsukawa told reporters later that the IMF proposal was still in the formative stage and it was too early to say whether Japan would favour the plan. He said he hoped the IMF would seek the approval of all the major countries concerned before submitting the proposal to the meeting. Japan has not been considering any counter-proposal, he said.

Government officials here said the IMF hoped to secure big contributions for the new facility from the U.S., Saudi Arabia, West Germany, Japan and Kuwait.

Mr. Matsukawa said that Japan might be inclined to react favourably to the IMF proposal if oil producing nations participated, and if Japan's role in the IMF were somewhat enhanced.

Meanwhile, the U.S. dollar for overnight delivery plunged in late and hectic Tokyo trading to-day to close at 273.95-274.00 yen—the lowest level since March 25, 1974. Traders said the Bank of Japan appeared to intervene during the afternoon at 275 yen to ease the U.S. currency's drop, and much more heavily at 274 yen.

Agencies

Call for India state polls

BY K. K. SHARMA NEW DELHI, April 4.

THE CALL by Mr. J. P. Narayan for fresh elections to State legislatures on the grounds that the recent parliamentary elections have shown that the people want all Congress party governments removed has led to considerable consternation among Chief Ministers.

Most of them are on extended terms as a result of constitutional changes made by Mrs. Indira Gandhi, the former Prime Minister, giving both parliament and State assemblies six-year terms instead of five. Apart from the ruling Janata Party's commitment to restore the constitution to its original form, there is pressure on the State governments to seek a fresh mandate.

The central government wants to hold the State polls well before the August election of the Indian President, the electoral college for which is Parliament and the State legislatures. On the strength of the Congress-dominated State legislatures, the Janata candidate would lose.

The prospect of fresh State elections is good since many Congress legislators are defecting to the Janata Party and many State governments including the key State of Uttar Pradesh are in danger of losing their majority.

Meanwhile, the new Government's industrial policy leaves more scope for private industry and is intended to increase employment. This is clear from a preliminary statement by the Minister for Industry, Mr. Brijlal Verma.

The public sector is to be limited to heavy industry. A major change is that all consumer goods industries will be left to private entrepreneurs, which Mr. Verma has specified will be Indians, thus suggesting that the policy of discouraging foreign investment in the consumer goods sector will continue.

Why Singapore holds FT reporter

BY OUR OWN CORRESPONDENT BRUSSELS, April 4.

MR. ARUN SENKUTTUVAN, the Financial Times correspondent in Singapore who has been detained without trial since February 16 is being held because "he said he had worked for the Communist cause."

This was stated here to-day by Mr. S. Rajaratnam, Foreign Minister of Singapore. It was the first comment on the arrest by a senior Minister outside Singapore.

Mr. Rajaratnam is spokesman for the five visiting Asean delegations to the EEC-Asean industrial co-operation conference which opened to-day.

He was asked whether recent events in Asean, such as the recent coup in Thailand and the arrest of Mr. Senkuttuvan under the Internal Security Act which provides for indefinite detention without trial in Singapore would affect the success of the conference in attracting European investment to the area.

Mr. Rajaratnam replied that helping Communism was a grave offence in South East Asia, since Communism there was "something different" from what it was in the West. In Singapore it had meant killings, bombings, and acid being thrown in people's faces.

Going on to criticise the Financial Times the Foreign Minister, himself a former journalist, said: "We have a very different view of what is good and bad government.

"We spend 24 hours a day," he said, "worrying about how to look after our people. The Financial Times does not."

WORLD TRADE NEWS

Dubai seeks $200m. loan for 'industrial city' plant

BY KATHLEEN BISHTAWI

DUBAI, April 4.

The Dubai Government is seeking another loan worth $200m. through the City of London. The money is to part finance the construction costs of a liquid petroleum gas plant being built in the Emirate's new industrial city, Jebel Ali, for Dugas.

Dugas is 80 per cent. owned by the Dubai Government and 20 per cent. by Sunningdale (Oils) Dubai. This latest loan is being co-ordinated by Morgan Grenfell, together with Wardley (Middle East) and Citicorp International. Other lead managers include Lloyds Bank International, The British Bank of the Middle East, and Morgan Grenfell Finance Company.

Earlier hopes of American Government credit cover for the project have apparently been disappointed.

A spokesman for Dugas said that about $84m. would come from export credits from Germany, Britain, Belgium and France though the exact proportion of credit cover offered by the countries will not be known until the sub-contracts are awarded. The absorption rate of the Eurodollar loan would be in proportion to the amount of export credits available.

The overall construction contract which is believed to be worth $220m. has been awarded on a turnkey basis to Macdermott (Middle East Trading) with Hudson Engineering of Houston most likely to be appointed as project designers.

As main contractors, Macdermott will be going out to international tender for a number of requirements including the 50-mile pipeline which is to be built from the main platform at sea to the Jebel Ali city. Other contracts will be for the storage tanks and basic equipment for an LPG plant.

The *raison d'etre* of the Sunnindale plant is the $812m. aluminium smelter and desalination plant which is being built in the industrial city. The smelter will absorb all of the dry gas offtake of the LPG plant.

The plant itself will also be utilising all the Emirate's known gas reserves, having a total input of 140m. cubic feet of gas a day. It will produce also 450,000 metric tons of propane and butane and about 2m. barrels of condensate annually.

These original estimates may be revised at a later date, for the capacity of the plant is still under negotiation. The exact amount of Dubai's gas reserves is still the subject of contention, and recently two foreign consultancy firms, one American and the other British were brought in by the Government to do a report.

Dispute over oil pipeline

NICOSIA, April 4.

DELIVERIES of Iraqi crude oil to the Mediterranean via the pipeline to Dortyol have been delayed by a price dispute between Iraq and Turkey, the Middle East Economic Survey reported on Monday.

The dispute concerns the price at which the oil will be made available to Turkey for its own use at the Mediterranean terminal of Dortyol, MEES said.

The Iraqis have offered to sell crude at the "high tier" price set by 11 members of the Organisation of Petroleum Exporting Countries that opted for a 10 per cent. increase in oil prices last December. At this price the Turks would pay between $13.50-13.53 a barrel. Deliveries through the pipeline were scheduled to start in April. Turkey was to take most of the oil in the first months.

During 1977 Turkey, which has an option to take up to 40 per cent. of the crude for its own use, was scheduled to take 120,000-150,000 barrels a day of the 500,000-barrels-a-day capacity.
AP-DJ

BP's Aden refinery takeover agreed

By Our Foreign Staff

AGREEMENT was signed yesterday on the take-over by the Government of the People's Democratic Republic of Yemen of British Petroleum's Aden refinery.

Officials in the PDRY capital were quoted as saying that compensation based on book value would be paid. However, since the old facility has been almost totally written off this would be negligible. Any sum would probably be set against the management services which BP is to provide on a management basis.

The loss-making refinery was hard hit by the closure of the Suez Canal in 1967 and has not recovered since its re-opening nearly two years ago.

Saudi Arabia finalises Aramco accord

NICOSIA, April 4.

SAUDI ARABIA'S Supreme Petroleum Council has met twice to discuss the 100 per cent. take-over of the Arabian-American Oil Company (Aramco) and the statutes of the projected Saudi company that is to replace it, the Middle East Economic Survey reported here to-day.

The take-over accord and the statutes of the new company have been finalised and are awaiting royal approval prior to signature and promulgation in the near future, MEES added.

Sheik Ahmed Zaki Yamani, the Saudi Minister of Oil, has said recently that the kingdom's planned take-over of Aramco will be retroactive to January 1, 1976.
AP-DJ

Textile and clothing trade balance better

BY KEVIN DONE, INDUSTRIAL STAFF

THE BALANCE of trade in textiles and clothing has shown a marked improvement in the last nine months, according to figures from the Textile Statistics Bureau.

In the first half of last year, the surplus of imports over exports amounted to £116m., compared with £74m. in the same period of 1975. But, in the second half of the year, the deficit had fallen to only £21m. compared with £69m. a year earlier. In the final three months there was a small surplus of exports over imports, the first since the last quarter of 1974.

Textile imports (including man-made staple and wool tops) were 41 per cent. up in value in the last quarter, compared with the same period a year earlier, but exports rose by 44 per cent., widening the favourable trade balance from £32m. to £52m.

Clothing imports rose by 32 per cent. in terms of value in the last three months of 1976, compared with the last quarter of 1975, but exports rose by 63 per cent. This narrowed the adverse balance of trade from £55m. to £48m. In terms of volume, the balance of trade was more favourable in most sectors, with the exception of knitted outerwear.

The bureau's quarterly statistical review says that the level of activity in the textile industry improved in the latter half of 1976, after suffering a distinct setback in the second quarter. The level of activity was sustained by the comparative buoyancy of retail sales of textile products in the second half of last year. Consumer spending on clothing in the fourth quarter, including purchases by foreign visitors, is estimated to have risen by some 4 per cent. over the corresponding period in 1975, but it was 1½ per cent. down on the third quarter of 1976. Consumer expenditure is expected to be more subdued in the first half of this year.

● The International Wool Secretariat (IWS) is extending its pilot plant at its technical centre at Ilkley. The centre, completed in 1968, is the headquarters for IWS research and development and technical services. The extension, which will extend laboratory research facilities, should be fully operational in 1978.

Poland's debts controlled

BY DAVID LASCELLES

POLAND'S DEBT situation is well under control, but investment spending is also being kept on a very tight rein, according to the report of a recent East European Trade Council mission to Warsaw.

The confidential report says that Poland's raw material and energy base has helped it over some of the more drastic effects of imported inflation, and more copper was being discovered.

However, Polish officials are concerned about delays in bringing some export-earning industries into production. At the same time there are few major investment projects afoot, and all important investments have to get the go-ahead from the Planning Commission which holds the purse strings.

The mission reports that money is being channelled into agriculture, which should provide Britain with export opportunities. There have also been top level decisions to improve the supply of consumer goods, notably children's products, though a line of credit would be necessary to finance imports.

The mission concluded that despite problems, like counter-purchase and import curbs, Poland was still thinking in terms of "buying British," a fact that was emphasised at a meeting with the Deputy Minister for Foreign Trade, Mr. Stanislaw Dlugosz.

Italy in $600m. deal with Iraq

ROME, April 4.

IRAQ plans to grant Italy industrial contracts worth $600m., the Italian Industry Minister, Mr. Carlo Donat Cattin, said to-day.

Details will be finalised at technical level in a month's time, he told a Press conference, but gave no details of the contracts themselves. However, they will pay for the equivalent of 40 per cent. of Italian oil purchases from Iraq, he said.

Industry sources said the contracts involve about 60 companies, members of a consortium led by Fiat in which the State-owned engineering group Finmeccanica is also playing a major role.

Scanner contract

Another order worth £7.4m. for more than 40 EMI-Scanner systems for Japan has been announced by EMI Medical, Slough, Berks. It brings EMI's orders for that market to over £21m., over £15m. of which have been gained in the past seven months.

Trawlers ordered

The Scottish fishing boat builder, Campbeltown Shipyard, has won its largest-ever order, for three steel-hulled trawlers for the Faroes, writes our Glasgow correspondent. The £1.8m. contract brings to eight the number of ships ordered from the yard in the last six months, with a combined value of nearly £4m. The latest order is for 87-foot stern trawlers of a type originally designed last year by the yard.

Jeddah housing

Enterprise Buoygues has been awarded a 766m. riyal contract to implement the first stage of a housing programme in Jeddah, the official Saudi Press Agency said.

Y5.1bn. contract

Komatsu and Mitsui have jointly received a Y5.1bn. order from the Ministry of Public Works of Nicaragua for construction machinery, with shipments this month and next.

Japan wins orders for 15 new vessels

BY JOHN WYLES, SHIPPING CORRESPONDENT

JAPANESE SHIPYARDS have swept in badly needed orders for 13 bulk carriers and two tankers totalling nearly 600,000 deadweight tons from World Wide (Shipping), the Hong Kong based group which owns one of the world's largest independent fleets.

The last of the orders was confirmed last month while the others were placed during the past six months in World Wide's biggest buying spree since the height of the oil tanker boom in 1973.

World Wide, under the presidency of its founder, Mr. YK Pao, is one of the least speculative owners of oil tankers and bulk carriers. He has stayed true to type in fixing charters for his new vessels, all of which will be delivered by early 1979.

The ships will be built by several Japanese companies, including Mitsui Shipbuilding, Mitsubishi Heavy Industries, Imbari Shipbuilding and Koyo Dockyard. The orders range from a 124,000 d.w.t. bulk carrier to 225,000 d.w.t. log bulk carriers. They also include 280,000 d.w.t. oil tankers as substitute orders for a cancellation.

● The first major oil tanker orders since 1974 were announced yesterday by Norwegian shipowner, Sig Bergesen D.Y. and Co. which has ordered two diesel powered 320,000 dwt vessels from Japan's Mitsui Shipbuilding and Engineering.

Despite the near 30m. dwt of tankers currently lying idle, the company said that its orders would not prolong the surplus but contribute to the faster scrapping of old and inefficient tankers. The cost of the contracts was not revealed but Bergesen will undoubtedly be taking advantage of the rock bottom prices available in Japan.

EEC-ASEAN pledge

BY DICK WILSON

BRUSSELS, April 4.

THE EEC-ASEAN industrial co-operation conference opened here to-day with commitments from both sides to a growth in mutual trade.

Dr. J. R. van den Brink, chairman of the EBIC banks, said that growth rates in ASEAN (Association of South East Asian Nations) were twice as high as in the EEC. The industrialised and developing worlds needed each other "like a man needs his two legs."

Mr. S. Rajaratnan, Foreign Minister of Singapore, speaking for the ASEAN delegations, noted that the conference was the first collective opportunity for ASEAN ministers "to present to an influential cross-section of European political and economic leaders the case for closer links between the EEC and ASEAN."

Mr. Roy Jenkins, President of the EEC Commission, called on the conference to produce "*reliable information about ASEAN's development needs, the risks and rewards for investment, and the facilities provided for technology transfers.*"

Mr. Rajaratnan placed ASEAN firmly in the ranks of countries fully involved in the international economy. The end of the European empire "should not also mean the end of the international economic system, which was its more enduring by-product."

ASEAN was responsible for 40 per cent. of non-Communist Asia's total trade, and about a quarter of its gross domestic product, although it had only 10 per cent. of its total population. It was also the only regional association in Asia, just as the EEC was the only one in Europe. Collaboration between them was both natural and helpful. Together they embraced more than 400m. people.

Ireland's new arms hope

BY GILES MERRITT IN DUBLIN

A STEEL HULL, slightly rusted and covered in the cryptic, chalked graffiti of engineers, squats on the factory floor of a small Irish company 40 miles outside Dublin. There is little to suggest that it represents Ireland's first venture into the intricate world of international arms exports.

It is the armour-plate carapace of a new military personnel carrier and scout car that has been sold to the Belgian government by its Irish designers in a £10m. deal—a remarkable sales coup for newcomers who beat such competition as Cadillac-Gage, Berliet, Mowag, Saviem, and GKN-Sankey.

With Ulster as a guide to the risks that troop carriers nowadays face, the Technology Investments Company at Navan, headed by Professor Seamus Timoney, has come up with a design that is novel and, at less than £70,000 each, comparatively cheap to produce.

Originally designed to meet criteria laid down by the Irish Department of Defence, the Timoney Armoured Personnel Carrier (APC) has so far not been purchased to supplement the Irish army's fleet of 80 French-made Panhard APCs. But with the Belgian deal settled, Technology Investments is now looking at the world market for military hardware.

Professor Timoney was at one time involved at Alvis in the development of the armoured Saracen and Saladin range. His company is nevertheless finding that arms salesmanship can present unsuspected problems. Ireland, with its history of neutrality and its relatively narrow industrial base, unlike Switzerland or Sweden, has never had an armaments trade. The department of foreign affairs in Dublin, therefore, has no clear-cut categories of approved or blacklisted countries, so Technology Investments must seek permission for future sales case by case.

The company is emphatic that its new APC possesses enough technical and cost advantages to outweigh any such disadvantages. The design innovations have already drawn admiring notices in the armaments industry's technical Press. The monocoque body of armoured steel from Thyssen makes the vehicle fully amphibious. A drive system totally enclosed by the hull and an independent suspension make it ideal for tough cross-country operations.

The Timoney APC for all its clever features, was designed and built in prototype on a shoestring, and first took shape in a Dublin mews workshop. The Irish Government has over the past five years sunk about £430,000 in the project, £250,000 of which has been channelled into a 49 per cent. stake in the Irish company's Adtec Teoranta subsidiary formed to undertake limited production runs.

The £180,000 balance went towards funding the extraordinarily cheap designing and manufacture of three prototype models. To gain further state aid, Technology Investments set up its new, though Spartan, factory in the rural wilds of a designated Gaeltacht (Irish speaking) area, because that makes it qualify for subsidies.

Should the Irish Army decide to order the Timoney APC, the factory at Navan will be capable of making 20 a year. Under the terms of the Belgian deal, the vehicles are to be built under licence over the next months by Beherman Demoen, which has in less than a year spent more than the Irish on further reserch and development. But Professor Timoney's aim is more that of selling licences.

The present £10m. contract from Belgium is for equipping the country's Gendarmerie and those Air Force units responsible for airbase protection, and could be the pilot for the new APCs that will soon be needed for the Belgian Army. The hope at Navan, of course, is that having already sold the vehicle to a sophisticated Western European Defence Ministry, the company will go on to book orders from Third World countries.

In the meantime, Professor Timoney and his brother, who is managing director of the company, are pressing ahead with designs to extend the four-wheel APC into other versions—notably a larger six-wheeler and cannon-carrying reconnaissance vehicle.

Their strength is flexibility, for buyers have very different requirements. The Belgian authorities, for instance, insisted on full air conditioning and NBC (nuclear, biological and chemical warfare) sealing. They also revised the seating configuration. As one Irish engineer at the Navan factory said with a laugh: "She's built to take Belgians, or a dozen Irishmen and God knows how many Chinese or whatever."

Outlook in pesticides

By Rhys David

THE WESTERN European pesticides market — estimated at £960m. — is in for a period of zero real growth, with the exception of Spain and possibly Italy and Portugal.

The forecast by Frost and Sullivan, market researchers of London, claims the main trends within the industry are the growing dominance of research-based companies able to develop their own innovations. Other trends noted are increased vertical integration and the emergence of a unified market especially in the EEC, with location of manufacture losing its significance.

The report's conclusions are that Europe now has probably the best balancer pesticide industry in the world completely satisfying its domestic market. There were nevertheless 15 new plants being built or projected in 1976 partly because of the substitution of new pesticides for old and also because of the importance of exports.

The report notes that European producers and especially the larger companies rely on export markets for growth with commonly over half their production going abroad. Western Europe's favourable export balance with the rest of the world is put at £350m. a year.

The pesticide Market in Europe. Frost and Sullivan, 110-111 Strand, W.C.2.

مكتبة من الرجل

هكذا من الاصل

A diplomatic argument in favour of the Peugeot 604.

When the Elysee Palace decided some time ago to update the French Ministerial fleet, the Peugeot 604 seemed an obvious choice.

Not surprising when you consider the special requirements of the senior decision maker; requirements not so different from your own perhaps.

The car must have a style befitting the passenger's position in the world. But without announcing his presence too loudly.

It should provide comfort, tranquillity and security. And it should be as at home in town traffic as it is at high speed on a motorway. The combination of a powerful but refined 2.7 litre, V6 engine and the power assisted steering of the 604 make for relaxed driving at all speeds.

It goes without saying that the creature comforts of such a car should be comprehensive. Electrically operated windows front and rear and an electric sun-roof are standard. As are the subtly tinted windows and beautiful metallic paint finish.

To aid relaxed discussion, there is more than ample leg and head room in the back. And for added luxury, leather upholstery and air conditioning are also available.

Finally, as with all Government decisions, a major consideration was price. The Peugeot 604 starts at around £6,000.

End of argument.

☐ I am interested in the Peugeot 604, please send me a brochure.

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Send to: Peugeot Automobiles (UK) Ltd., P.O. Box 2, Liverpool L4 1UR. Tel: 01-993 2331 (London Office).

The Peugeot 604

Prices of the superb 604 range start at £6,202, for the velour upholstery, manual transmission model. Alternative models: velour upholstery, automatic transmission £6,626; velour upholstery, automatic transmission, full air conditioning £7,129. Leather upholstery optional at: £318. All prices include car tax and VAT. Prices correct at time of going to press.

HOME NEWS

Airport dispute costs £3m. a day

BRITISH AIRWAYS passengers taken by coach to Southampton, to catch Channel Island flights and avoid strike-bound Heathrow, have followed a route which has been gathering popularity in recent years, writes Arthur Sandles.

Overcrowding at Heathrow makes it a difficult enough place at the best of times. The problems of the past few days have added a bonus for the airlines using regional departure points.

One of the most popular destinations is Schipol (Amsterdam), not only for people visiting Holland but also for onward travel to more distant destinations. Schipol is generally regarded as a much better transfer airport than Heathrow.

Lunn Poly, the travel agents, last night said there were 14 British airports, other than Heathrow, from which there are direct scheduled flights to Schipol. At least nine offer Paris flights.

Smaller airports and airlines are in no position, however, to accept much of British Airways traffic. They are limited by Civil Aviation Authority licences, and cannot easily change their flight frequencies, or take aircraft of different size.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has cancelled all its short-haul European and UK domestic flights to-day, but will try to get away about 18 of its long-haul flights to such destinations as Australia, the U.S., Caribbean, Middle East and Africa.

This is the third day that short-haul operations have been disrupted because of the continuing engineers' dispute at Heathrow airport.

Yesterday, the airline again sought to ease the problem by rebooking as many as possible of its passengers with other airlines. But many of the foreign operators are already full or close to becoming so. As a result it will be almost impossible to find space.

Under the current licensing rules, U.K. airlines holding Class 5 licences can provide up to 20 per cent. additional seating capacity in an emergency, and there is no bar to this in the present situation.

There are few signs of such additional flights. This is largely because most other airlines are already stretched with the start of the summer season from April 1, and would need to seek additional aircraft for the task at a time when the holiday charter build-up is calling up many spare aircraft for service anyway.

Postponed

Thus, British Airways is advising passengers that, while the dispute lasts, only those whose journeys are really necessary should try to fly. Businessmen are being advised to postpone their trips if possible.

The burden appears to be most severe on holidaymakers, who cannot change their dates, and who thus face the prospect of ruined holidays. British Airways is offering alternative holidays, or refunds, where it cannot rebook passengers on other airlines. Those already abroad are being kept in their hotels at the airline's expense for a few more days.

At present, the engineers' dispute is costing British Airways an estimated £3m. a day in lost revenues—close to £10m. will have been lost by the end of to-day.

This is not likely to affect the estimated profit of £20m. on revenues of about £1bn. for 1976-77, since the financial year ended last Thursday, and the books for the year have been closed.

The airline will have to work hard to make good the loss of revenue in the financial year now beginning. While it may be able to recoup on much of the business traffic lost so far, the holiday traffic is considered almost irretrievable.

In addition, the airline's carefully built-up reputation for reliability has been seriously damaged overseas, and passengers will have to be wooed back to British Airways' services from those of other airlines.

One benefit from the situation is that it is likely to make many airlines aware of the better facilities available at Gatwick, south of London, where flights are operating normally, including BA's own Airtours subsidiary.

A £70m. programme to raise Gatwick's capacity from 6m. to 16m. passengers a year is nearing completion, and the Government and the British Airports Authority are trying to encourage airlines to move there.

Many airlines, faced with the increasing congestion and poor industrial relations record of Heathrow, may now accept that the calmer atmosphere and better facilities at Gatwick outweigh any problems that might be incurred in moving there.

Chaos at Heathrow

Heavy lorries tax protest

BY IAN HARGREAVES

VEHICLE EXCISE duty on some heavy lorries will go up by more than 50 per cent. as a result of last week's Budget measures, it emerged yesterday as hauliers received details of the increases.

According to the Chancellor's Budget speech, increases were to range from about 25 per cent. to about 35 per cent. for the heaviest vehicles. But, in practice, some heavy vehicles of the type used largely for abnormal loads will be charged 45 to 52 per cent. more.

The Road Haulage Association said yesterday that the Chancellor's reference to lorry tax in the Budget speech had been "grossly misleading. We want clarification of this because a 52 per cent. increase can in no sense be described as around 35 per cent."

The Freight Transport Association said that the swingeing increases on the heaviest vehicles would have a serious impact on some operators, and in some cases would penalise them for having chosen types with a heavier chassis for reasons of safety and durability.

Convenient

Relatively few lorries on British roads weigh more than 10 tons unladen as this is the most convenient basic weight for operating within the U.K.'s maximum gross vehicle weight limit of 32 tons. But it is possible to be within the 32 ton gross limit with an 11 or 12 ton vehicle, and operators of trucks in these categories will have to pay between 41 and 43 per cent. more as a result of the Budget.

For vehicles of between 14 and 20 tons, which are mainly used for restricted or "abnormal load" purposes, increases will range from 45 to 52 per cent. A 20 ton lorry, without trailer, will now have to pay £2,024 a year in vehicle excise duty.

The Chancellor also warned last week that the increases would be only the first part of a two-stage operation. His aim is to increase tax rates to a level at which the new EEC-type taxation system based on axle-weight can be introduced without necessitating further increases in rates payable. The Government also feels that heavier lorries are still, even after the Budget, changes, failing to meet the cost of providing the roads they use.

February retail sales decline

BY MICHAEL BLANDEN

THE CONTINUED depression of the retail trade is underlined by the latest figures published by the Department of Trade.

The index of retail sales in February has been substantially revised downwards to 105.7 (seasonally adjusted, 1971=100). This compares with the provisional estimate of 107 published last month, and represents a further decline from the figure of 106.7 — also revised down — recorded in January.

The recent run of results confirms that after the short-lived boost given to sales last autumn, partly as a result of buying ahead of the December economic package, the level of retail activity has again started to reflect the squeeze being experienced on general living standards.

The pay restraint coupled with the current level of inflation—retail prices rose 16.2 per cent. over the year to mid-February—has meant a reduction in real personal disposable income. The indications from the retail figures are that recently this has not been offset by a continuing decline in the proportion of incomes being saved after the sharp drop in the last quarter of 1976.

There was a slight recovery, however, in the level of hire purchase activity in February, with finance houses and retailers advancing £342m. in new instalment credit agreements (seasonally adjusted) compared with £324m. in the previous month.

Within the total, finance houses lending showed an increase, but lending by retailers was much in line with December and January and lower than in November.

In the latest three months, from December to February, total advances were 4 per cent. up on the previous three months. Finance house lending rose by 1 per cent. between the two periods, but there was virtually no change in lending by retailers.

H.P. CREDIT AND RETAIL SALES
(Seasonally adjusted)

	New credit extended by: Finance Houses £m.	Retailers £m.	Total debt outstanding (unadjusted) £m.	Retail volume (revised) Total (1971=100)	Durable goods
1975					
1st	286	425	2,265	111.1	[illegible]
2nd	309	450	2,266	109.2	[illegible]
3rd	303	445	2,257	105.4	[illegible]
4th	303	466	2,320	105.7	[illegible]
1976					
1st	342	502	2,297	107.3	[illegible]
2nd	384	491	2,343	107.6	[illegible]
3rd	391	524	2,465	108.9	[illegible]
4th	414	558	2,662	108.5	[illegible]
1976					
Aug.	129	176	2,430	108.9	[illegible]
Sept.	136	183	2,465	108.9	[illegible]
Oct.	128	182	2,519	108.1	[illegible]
Nov.	139	193	2,605	109.2	[illegible]
Dec.	147	183	2,662	108.5	[illegible]
1977					
Jan.	135	189	2,661	108.9	[illegible]
Feb.	157	185	2,691	105.7	[illegible]

Source: Department of Trade

British Airways to buy £1.75m. U.S. computer equipment

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

BRITISH AIRWAYS is to spend £1.75m. on equipment to expand its data communications facilities around the world.

In line with a number of its other recent computer purchases, it has decided to buy a special system rather than adding to its already complex multi-purpose IBM installations.

The contract has been awarded to the Collins Commercial Telecommunications division of Rockwell International, the U.S. corporation. The equipment will be located at Heathrow.

The C.8500 system will provide high-speed data and low-speed telegraph message switching and control functions for the airline's worldwide data network.

It will be able to expand the number of high-speed computer to-computer links, enabling connections to be made with networks such as Sita, the international airline organisation.

Mr. Peter Hermon, British Airways director of management services, said yesterday that ICL, the major British computer manufacturer, had declined to bid for the order—presumably because it did not wish to enter a new and specialised product area—and that the traditional British telecommunications manufacturers were also not in the market for this sort of equipment.

Collins has supplied the system to a wide range of airlines, including American, Pan Am and Air Canada.

Pay hopes for State industry directors

BY MAX WILKINSON, INDUSTRIAL STAFF

MR. ERIC VARLEY, the Industry Secretary, has given a strong hint that the pay of Board members of nationalised industries may be improved during phase three of the pay policy.

He was replying to a letter of protest from the 10,000 workers of Cable and Wireless about the resignation of their managing director, Mr. Archie Willett. Mr. Willett announced his resignation after an unprecedented "strike" threat by members of the Board in protest against their low pay. They refused to stand for re-election to the Board.

The employees' letter, addressed to the Prime Minister, expressed "extreme concern at the effects on the future of the company and its overseas business resulting from the failure of the Government to resolve the impasse in respect of our directors' salaries."

The letter said the company was operating under extreme difficulty because of Mr. Willett's departure and the failure so far to fill four vacancies on the seven-man Board. The company was unable to recruit a finance director of adequate calibre at the salary offered, the letter says.

The managing director's salary is £12,828 a year and the other directors receive £10,330. Mr. Willett had an average rise of 1.7 per cent. a year over the last four years at a time of severe inflation. Under proposals from Lord Boyle's Top Salaries Review, he should be getting £20,000, but the Government has refused to implement the suggestions.

Cable and Wireless is a company wholly-owned by the Government. It makes substantial overseas profits, and has had a good growth record under Mr. Willett's direction.

In reply to the workers' letter, Mr. Varley pays tribute to the company's financial success. He says: "It would be a grave loss if the company's morale were to suffer as a result of recent events, and I very much hope that this will not happen."

Mr. Varley says that the pay of Cable and Wireless directors "has to be seen as part of the general question of the pay of nationalised industry Board members." He adds: "I regret that this issue will be considered in the light of current discussions on phase three of the pay policy.

"I shall certainly ensure that your strongly held views on this subject are borne in mind in the discussions we shall be having within Government."

Moves to boost inner city employment welcomed

BY CHRISTOPHER LORENZ

EFFORTS to boost employment in inner cities by stimulating the creation of small companies received support yesterday from Lord Seebohm, the chairman of Finance for Industry and Mr. Ivan Momtchiloff, assistant general manager of FFI.

Introducing the results of a recent private seminar on "Creating work through small enterprise," Lord Seebohm said some way must be found of helping small businesses to start in the inner cities, where thousands of such firms had been destroyed by redevelopment schemes.

The report of the seminar suggests establishing "entrepreneur development banks" on a regional basis. Lord Seebohm said however that this proposal had not been examined in detail, and that any such groupings would not resemble normal banks.

A small action group including representatives from FFI, IBM, the London Chamber of Commerce and Industry, and the Urban and Economic Development Group are to meet members of Southwark Council to discuss the implementation of some of the seminar's recommendations on how leading institutions can help small firms.

Urban and Economic Development Group (URBED), 12-13 Henrietta St., London W.C.2. Price £1.

Management Page, Page 19

Bankruptcies, liquidations up this year

RECEIVING ORDERS made in the High Court in the first three months of this year totalled 465, compared with 381 in the same period last year, indicating that bankruptcy is still very much on the increase.

Mr. Nevill Shearman, of the London accountancy firm Mordant Lutham and Company, said the figures were alarming.

Mr. Frank Stansil, a chartered accountant of the City firm Hacker Young, said he was surprised by the increase.

Also up

Both men, members of the Insolvency Practitioners Association, had expected bankruptcies to drop this year.

Compulsory liquidations were also up in the same period High Court winding-up orders totalled 596 for the first quarter, compared with 566 in the period last year.

Court rules on battery case

A HIGH COURT case between Lucas and Exide over the validity of battery patents ended yesterday. Lucas accused Exide of infringing four patents. Mr. Justice Whitford upheld the claim in respect of one, but ruled in favour of Exide on the other three.

Joseph Lucas (Batteries), and its patent owner, Globe-Union of Milwaukee, Wisconsin, claimed infringement of U.K. patents for a thin-walled polypropylene battery case: a buttress feature for strengthen the intercell partitions; a heat-seal method of joining the top to the casing, and a one-piece manifold for easier filling.

They sued Gaedor of Reading; Chloride Automotive Batteries of Clifton Junction, Manchester; and Lorival, of Little Lever, Bolton.

Lucas won the issue of the thin-walled battery, the patent of which expires in November.

Electricity supply changes delayed

BY DAVID FISHLOCK, SCIENCE EDITOR

A STATEMENT on the reorganisation of the structure of the electricity supply industry, which the Government said would be available before Mr. Frank Tombs, the new chairman of the Electricity Council, took up his post on April 1, is still the subject of "delicate negotiations" in the Department of Energy.

Mr. Tombs will discuss the delay in a speech at the annual conference of the Electrical Power Engineers' Association in York to-morrow.

Although the Government has apparently accepted in principle the Plowden Committee's recommendation of a strong federal body based on the Electricity Council to be responsible for both generation and distribution of electricity, Mr. Anthony Wedgwood Benn, Secretary for Energy, wants to retain powers to appoint many electricity industry leaders.

Mr. Benn says he wants to reorganise the electricity industry to include a strong measure of regional autonomy, fitting in with what he sees as the political mood of the nation.

He wants the Energy Department to continue to appoint the 12 area Board chairmen, for instance. Mr. Tombs believes this should be the responsibility of the Electricity Council, under the kind of reorganisation envisaged by the Plowden Committee in its report early this year.

NHS men voice complaints

BRITAIN'S health service administrators have added their voice to the chorus of complaints about the 1974 reorganisation of the National Health Service.

In evidence to the Royal Commission on the NHS, the men whose job it is to run the system say bluntly that the new structure has led to "serious organisational problems." The administrators say there is one tier too many in the three-tier system, strongly advocating" the merger of the area health authorities with the districts below them.

The evidence, from the Institute of Health Service Administrators, follows evidence complaints from doctors, nurses and others that the NHS is "bureaucratic, bumf-ridden and incapable of making decisions."

Scottish Tories given more power by party

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ORGANISATIONAL changes in the Conservative Party will enable the 71 Scottish constituencies for the first time to send representatives to the national conference, put forward motions and contest national elections for party office.

Until now, the Scottish party has not had automatic affiliation to the National Union—the Conservative organisation in England and Wales. Scottish members who have wanted to influence policy at national level have either had to persuade their constituencies to affiliate on an individual basis or to find English local parties with spare places on their delegations.

The changes have been proposed by a committee set up by Mrs. Margaret Thatcher under the chairmanship of Mr. Russell Fairgrieve, MP for Aberdeenshire West, the Scottish leader. The committee also suggests that there should be closer links between Central Office in London and the Scottish office of the party in Edinburgh.

This would allow the Scottish organisation to draw on London for specialist services, such as the design of leaflets, help with television broadcasts, advice on fund-raising and help in fighting marginal seats.

The Scottish organisation is also to be strengthend by the appointment of a full-time Press officer and extra staff to the research department — moves made possible by a recovery in the financial position. Income in 1976 increased by 30 per cent. on the average for 1971-75 compared with a rise in spending of only 9 per cent.

The changes, which have been agreed by London will also free the Scottish chairman of administrative responsibility so that he can concentrate on political matters.

'Protect children from televised violence'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A CALL for urgent action to protect children from the damaging effects of violence on television was made at the British Psychological Society's conference in Exeter yesterday.

Dr. Michael Howe, of Exeter University, told the conference: "The balance of the evidence is overwhelming and it points to the conclusion that televised violence most probably does have adverse effects on many children."

The violence could encourage children to act aggressively, to tolerate aggression in others, and to believe that acting violently was a legitimate means of getting what one wanted.

"We should not delay doing anything about television violence until we have 100 per cent. proof that a particular programme is harmful. . . . To wait until invasion is certain before making defensive plans would be to invite disaster. The case concerning television violence is not entirely different."

The custom of restricting the most violent programmes to hours after 9 p.m., was an ineffective safeguard.

£5m. boost for Repton exports

By Peter Cartwright, Midlands Staff

A £5m. investment programme, one of the most far-reaching in the ferrous foundry industry, is turning Midlands-based Repton Midlands Industries Ltd. into an export-oriented castings division.

It will raise production from 1,300 tonnes a week to 2,000 tonnes in the next 18 months, and substantially help quadruple turnover of Midlands Industries, the parent company, to more than £50m. The project is spread over three main foundries.

New facilities have been created on a 13-acre site at Bingley, where castings for tractors, diesel engines and general engineering are made.

At the Smethwick plant, near Birmingham, the adjoining factory site is being bought to expand output of automotive diesel engine, domestic appliances, central heating boilers and casting

"We are out to extend our reputation for reliability of product and delivery to Europe and other markets by stepping up direct exports," said Mr. Stan Highfield, vice-chairman of RMI.

He emphasised that the Government had a key role to play in helping to maintain the same stability of selling prices that foreign rivals could quote.

"This means the Government must not allow nationalised industries controlling our basic materials, such as coke and pig iron, to jump their prices about.

"We want, too, to know which is going to be the most advantageous fuels to use in five or six years time—not to be conned into using one and then find it doubling and trebling in price."

Higher traffic helps Mersey Docks to £5.2m. profit

By Roy Rogers

HIGHER than forecast traffic and harmonious labour relations helped the Mersey Docks and Harbour Company to a £5.18m. trading profit last year. This is the first annual profit since the company was set up in 1971

But for poor weather and a lot of sickness — which have prompted several shipping lines to impose congestion surcharges on the port—the figures might have been even better.

Mr. John Page, chairman, announcing the company's interim results for the year to December 31 yesterday, stressed that the company was on the way to overcoming these difficulties.

Apart from the surcharges, which Mr. Page said were largely the result of "much ill-informed adverse comment," the preliminary statistics paint a fairly rosy picture with the £5.18m. profit compared to losses of £147,000 in 1975 and £3.9m. a year earlier.

Additional

He was also able to announce that the directors had decided to make an additional payment of £500,000 although not obliged to do so under the loan stock deed. With the sale of certain property this would enable a capital repayment of 3p per combined unit. The only other previous repayment on the redeemable unsecured loan stock was 2p per £1 unit in 1975.

But Mr. Page warned that he could give no assurance that this partial repayment of the loan stock would be repeated next year, especially as there was a need to carry out "essential maintenance projects" and improve the port's efficiency. The company would have to see the 1977 results before any decision could be taken.

● NEWS ANALYSIS—PRICE CONTROLS

More teeth for the watchdog

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MR. ROY HATTERSLEY, the Prices Secretary, launched his new Price Commission Bill yesterday with the promise that the new powers would be more "potent" and "effective" than the present system of price controls and that this effectiveness would be accompanied by a reduction in the administrative for industry.

Nontheless, the Bill published yesterday still leaves unanswered many of the points which are worrying industry.

Questions such as the level at which the proposed safeguards will come into effect and the amount of information which companies will have to submit with details of intended price increases will have to wait until the consultative document on the proposed price code itself is published early in the summer.

What yesterday's Bill would do is give the Government power to make and enforce a Price Code within certain parameters. The basic framework remains the same as that outlined in the Government's consultative document on future prices policy published six weeks ago.

This means that the investigative powers of the Price Commission will be strengthened while the Government will assume new powers to freeze individual price increases for up to 12 months and order either price cuts or the end of certain trading practices across whole sections of industry.

It will also be able to order a freeze on retailers' margins following a commission investigation.

The present system under which companies have to justify individual price increases on the basis of increased costs will be dropped (though Britain's largest companies will continue having to give the Commission 28 days' notice of proposed increases).

Instead the Price Commission will examine selected increases against a much vaguer set of criteria and recommend action accordingly—subject to certain safeguards still to be defined.

Thus a new element of subjectivity will be introduced to price controls and companies will no longer be able to assume that increased costs automatically justify price increases. From Mr Hattersley's point of view, this has the merit of flexibility. But for industry, the advantage of greater flexibility is more than offset by the uncertainty such a new system will create.

The margin controls contained in the present code are to be continued. But while the new investigatory powers and the accompanying powers to enforce Price Commission recommendations are to be permanent, the margin controls will have to be renewed after 12 months.

Like the dividends controls, which are also covered by the new Bill, they are contingent on another round of pay agreement and cannot be renewed without new legislation after 1980.

Therefore, failure to reach agreement on the wages front would bring an end to both dividend and margin control. The sanction in the price controls on employers who break any pay agrement would obviously end too if no pay agreement were reached nationally.

The Bill imposes a duty on the Government to make regulations laying down the minimum levels of profit which companies must not be prevented from earning either during the course of a commission investigation or as a result of orders arising from the commission's recommendations.

Most of the changes to the consultative document contained in yesterday's Bill are either changes of emphasis, amplifications of points which were previously unclear, or extensions of provisions in existing legislation.

Certain additions to the proposed legislation have been made in the powers to require traders to display information about their prices while a new clause gives permanent statutory backing to the payment of grants to local authorities and other bodies carrying out price checks as a service to consumers.

The criteria by which the commission will judge prices have been subtly altered. Essentially they still leave the Price Commission with the difficult job of balancing the need to allow industry adequate profits and the need to control price rises.

But in answer to representations from the National Consumer Council, more emphasis has been put on the need to "restrain" prices in the commission's overall brief. At the same time, the criteria have been expanded to recognise profit cycles in industry. Allowances are also now made for inflation accounting.

The Bill also enlarges the link between the re-vamped Price Commission and the Office of Fair Trading. If the commission finds evidence of unregistered restrictive practice agreements during its investigation, it will have to inform the Office of Fair Trading which already has the job of policing competition policy.

The Director-General of Fair Trading will have to be consulted before the Secretary of State makes any general reference to the prices body but some of his powers are effectively transferred to the commission.

In the event it seems likely that any matters which are considered to need quick action will be dealt with by the Price Commission while the Monopolies Commission will undertake longer inquiries.

The powers to take a witness to court if he refuses to give evidence to the commission are continued with increased penalties while the range of information and advice which the commission may publish is extended.

But the prices body will be obliged to omit material from its published reports which could seriously damage the interest of an individual or company unless the material is essential to the report.

The Bill also places on the commission a duty to allow an interim price increase in certain circumstances. It will still be able to block the whole of a proposed increase for three months while it investigates the case, but will also be allowed to let part of the price increase go ahead. This interim increase could not be cut back on completion of the inquiry.

The Bill will also allow the Secretary of State to prohibit the advertising of recommended prices in particular sectors following a Price Commission recommendation and will extend the Minister's powers over the display of retailers' prices in the field of both goods and services.

The Price Commission Bill. SO; 75p.

HOME NEWS

Ban on cigarette advertising urged by MPs

BY STUART ALEXANDER

A BAN on cigarette advertising except at sales outlets is among recommendations made yesterday by an all-party Commons committee on preventive medicine.

The committee would also like to see coupons abolished, vending machines placed where children cannot reach them and an annual increase in the tax on cigarettes sufficient to dissuade young people from taking up smoking.

The report covers a wide range of other proposals on alcoholism, health education, abortion, fluoridation, the structure of the National Health Service, breast cancer and school games.

It calls for a return of the radio doctor and recommends that more children be encouraged to walk to school.

The committee, which is under the chairmanship of Mrs. Renee Short, Labour M.P. for Wolverhampton N.E., points to the dangers of young people being attracted by alcohol but does not see the need to raise the tax on alcohol unduly. It feels that in some cases the moderate use of alcohol can be beneficial.

On cigarettes, however, the committee is far tougher. Introducing its report yesterday, Mr. Roger Sims, Conservative M.P. for Chislehurst and a member of the committee, said there was not a good word to be said for cigarettes. The State would be justified in eventually taxing cigarettes out of business.

The cigarette manufacturers reacted predictably to the report. Imperial described it as "a lofty statement of principle and misguided at that. It almost wholly disregards the central fact of the problem of smoking and health that some 20m. adults in this country smoke and do so because they choose to."

On less contentious matters the report calls for regional health authorities to show the proportion of expenditure devoted to preventive medicine and urges that the Health Education Council should expand its role.

There should also be greater awareness among teachers. Doctors should be given more training in preventive medicine as part of their studies.

The committee felt there should be more health centres, which could take in social workers and dental hygienists, who were not so often found in a normal group practice of doctors.

There should also be a switch of resources from high-technology medicine to prevention. More should be spent on attracting better doctors to community service.

The report will be presented to the Department of Health and Social Services. Mrs. Short hoped it would lead to a White Paper and statement from Mr. David Ennals, the Secretary of State.

First Report from the Expenditure Committee, Session 1976-1977: Preventive Medicine, Volume 1. Commons Paper 169-i. SO £1.60.

Tobacco workers upset by Commons report

FINANCIAL TIMES REPORTER

SHOCK AND disgust were expressed yesterday by the Tobacco Workers' Union at the report of Commons Select Committee on smoking.

A spokesman said he was shocked that a select committee "could decide that the jobs of Britain's 32,000 tobacco workers should go without having the courtesy to speak to, let alone take evidence from, the Tobacco Workers' Union."

The committee ignored the fact that Britain's 15m. smokers—about half the adult population—chose to smoke despite all the anti-smoking campaigns.

It was time the Government faced up to the fact that, short of prohibition, millions of people would go on smoking.

The Government was guilty of rank hypocrisy. "It depends upon people continuing to buy cigarettes for the contribution they make to the Exchequer; but is worried when they decide to smoke what they have bought."

Backing the report, Action on Smoking and Health called for early legislation based on the recommendations.

ASH had written to Mr. David Ennals, Secretary of State, "urging him to introduce legislation to ban cigarette advertising in the current parliamentary session," said Mr. Mike Daube, the campaign director.

The British Medical Association yesterday supported the "overwhelming priority given to the control of smoking" in the first report of the Expenditure Committee on Preventive Medicine.

"The National Health Service is clearly failing to meet the sickness needs of the people at the present time and personal responsibility for one's own health must be actively encouraged."

It urges immediate action on some of the major proposals in the report.

United Glass raises prices

PRICES CHARGED for glass containers by United Glass, which accounts for about one-third of the total market, will go up about 20 per cent. this year.

Last year, the group managed to keep increases to 15 per cent. after two years when price rises of more than 30 per cent. had taken place.

Prices have just been lifted by 11 per cent. and UG expects to have to add another 8 per cent. in the autumn.

"This was our forecast at the beginning of the year. In spite of the problems we face with the withdrawal of the regional employment premium and the added duty on fuel oil, we still hope to keep the price increase to that level," said Mr. John Small, managing director of UG Glass Containers, yesterday.

Rate rises on Shore's 15% target

Financial Times Reporter

MANY LOCAL authorities in England and Wales have kept inside Government guidelines to restrict increases in domestic rates this year, according to figures out yesterday.

The average increase will be 15.5 per cent., says the Rating and Valuation Association. Mr. Peter Shore, the Environment Secretary, said in November that the average rates increase should not be more than 15 per cent.

Mr. Robert Wilson, assistant city treasurer of Liverpool and president of the association, said: "Local authorities have kept faith to restrict increases. It seems a very reasonable and well-undertaken exercise." The average domestic rates increase should be about £15 a year in London and about £16 elsewhere.

The association produced its rating trends report on information from 326 of the 403 rating authorities in England and Wales.

Of these, 147 authorities kept their domestic increases under 15 per cent. and 179 exceeded the Government target.

The lowest average increase is 10 per cent. by the London boroughs, and the highest 16 per cent. by non-metropolitan district councils.

A brief summary of rate trends in Scotland showed that authorities have kept increases to an average 14.2 per cent.

Soref agrees damages with Private Eye

MR. HAROLD SOREF, the former Tory MP, yesterday accepted an undisclosed sum in settlement of a High Court libel action he brought against the satirical magazine Private Eye over a suggestion that he and the company of which he is chairman were attempting to break Government trading sanctions against Rhodesia.

Mr. David Vaughan, his counsel, told Mr. Justice Melford Stevenson that Mr. Soref was "a Right-wing politician well-known for his interest in Rhodesia."

He was MP for Ormskirk, Lancs, from 1970 to 1974, and is chairman and managing director of Soref Brothers, an export company and confirming house.

Mr. Vaughan said that in May, 1975, Private Eye alleged that Mr. Soref, on behalf of Soref Brothers, had sent brochures to so-called Rhodesian customers, thus attracting "the attention of the sanction-busting section at the Foreign and Commonwealth Office."

Mr. Soref and his company had sued Pressdram, publishers of Private Eye, Mr. Richard Ingrams, its editor, and the printers and distributors.

Mr. Peter Bowsher, their counsel, said they accepted that the allegations were untrue, and apologised. They agreed to pay Mr. Soref's costs.

Greenock plant to close

JOY MANUFACTURING (U.K.), which has been producing coal-cutting equipment in the Clydeside town of Greenock since 1949, is to close its plant there, making 250 workers redundant. Already one in ten men in Greenock is unemployed.

APPOINTMENTS

Two new directors for Lucas

Mr. Geoffrey R. Parker has been appointed an executive director and M. Jean-Maxime Leveque, a non-executive director, on the Board of LUCAS INDUSTRIES. Mr. Parker became group overseas director for Lucas last November and M. Leveque is chairman and general manager of Credit Commercial de France.

Mr. G. E. Heggs has been appointed a full-time chairman of INDUSTRIAL TRIBUNALS in the London (Central) Region from April 12.

Mr. R. B. Allsopp and Mr. A. H. Vernon have joined WILLIS FABER AND DUMAS as directors.

Mr. F. A. Heaton-Merheim, managing director of Pauls and Whites International, has joined the Board of the parent company, PAULS AND WHITES.

Mr. John Young, assistant general manager and actuary of SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY, will retire on June 30. Mr. E. S. Robertson, joint actuary, becomes assistant general manager and actuary from July 1. At the same time Mr. A. Neill, who is chief pensions manager, will be an assistant general manager.

Mr. W. G. Bain and Mr. D. W. Ralstrick will join the partnership of WOOD MACKENZIE AND CO., stockbrokers, on April 8.

Mr. P. L. M. Case has been appointed group financial controller and Mr. C. R. D. Whitfield, group treasurer, of COPE ALLMAN INTERNATIONAL.

Mr. David King has become managing director of IMPEX ELECTRICAL following the appointment of Mr. Derek Farge to Sasco.

Mr. W. J. R. Gowell has joined the Board of ESTATE DUTIES INVESTMENT TRUST.

Mr. R. W. Prescott, a director of AMEV Life Assurance, has resigned from the Board of INVESTORS PLANNING ASSOCIATES because of obligations imposed on the company by the Insurance Companies (Intermediaries) Regulations 1976.

★

Mr. Charles M. McDonald has been appointed to the Board of TULLIS RUSSELL AND CO.

★

Mr. Niall C. Macdiarmid has been appointed to the Board of UNICORN INDUSTRIES.

★

Mr. Clive Strowger, previously finance director of LEYLAND INTERNATIONAL, has been appointed to a newly-created post in the group, director of business planning and development. He has been replaced as finance director by Mr. Paul Lewis, who was controller for Leyland International.

★

Mr. Thomas Hume is to retire as Director of the MUSEUM OF LONDON at the end of June.

★

Mr. George Demetriou has been appointed sales and marketing director of OYEZ STATIONERY, a member of the Solicitors' Law Stationery Society group.

★

Dr. G. D. T. Owen has been appointed director of the recently formed irrigation services division of DUNLOP.

★

Mr. John Engledew has been appointed deputy managing director of RACAL COMMUNICATIONS and managing director of Racal Communications Equipment. He has been succeeded as managing director of Racal Instruments by Mr. John Cerese.

★

Mr. Yoshifumi Ebiko has become chairman of KAWASAKI (LONDON) on the retirement of Mr. Stanley Grove. Mr. Michael H. Fowler has been appointed managing director and Mr. Alec Crawford has been made company secretary.

★

Mr. Len Williams, secretary and chief accountant of ANDREWS-WEATHERFOIL, has been appointed financial director. The company is a member of the Powell Duffryn Group.

★

Mr. K. P. Jones has been appointed to the Board of F. J. WALLIS, as retail director from May 1. He will retain his present responsibilities for greengrocery operations.

★

Mr. D. W. Robertson has retired as chairman of ODEX RACASAN. He was closely involved in integrating the various sections of the business when Odex was taken over by the Paterson Zochonis Group.

★

Professor S. Sey, first deputy governor of the Bank of Ghana, has been appointed chairman of BARCLAYS BANK OF GHANA to succeed Mr. George E. Davy, who is to retire shortly. Professor Sey is expected to take up his duties by the middle of June.

★

Mr. Stuart M. Wallis, chief executive of the consumer products division of HESTAIR, has been appointed to the Board of the company.

★

Mr. G. R. Satterthwaite has been appointed a director and company secretary of CANNING TOWN GLASS and Mr. P. C. Halliday has become sales director. The company is the glass container division of the Arthur Bell Group.

★

Mr. M. O. Wright has been appointed a managing director of LONDON BRICK COMPANY and Mr. Kenneth McAlpine has been made a director.

★

Sir David Nicholson has been appointed to the Board of DRAYTON CONSOLIDATED TRUST, a company managed by Drayton Montagu Portfolio Management. He succeeds Mr. Martin Rich who has resigned to concentrate on his other business commitments.

★

All the members of the Board of the ATLANTIC SHIPPING AND TRADING COMPANY have resigned. Mr. R. A. Fireman, a director of merchant bankers Charterhouse Japhet, has been appointed chairman of the company and Mr. N. J. Cosh and Mr. M. Q. Hotchin, also of Charterhouse Japhet, have been appointed directors.

The changes follow the takeover of Atlantic Shipping by Charterhouse Japhet last month. The bid was declared unconditional on March 24.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. 01-836 3161. (Credit card bookings 01-240 5258.) ENGLISH NATIONAL OPERA Tonight and Thur 7.30 The Bassarids: Tomor. and Sat 7.30 Werther. 104 Balcony seats always available on day of performance from 10am. End of 1976-77 London Season.

COVENT GARDEN 240 1066 (Garden-charge-credit card booking. 836 6903.) THE ROYAL BALLET Tonight 7.30 and Sat. Mat 2: La Bayadere, Triad, The Fourth Symphony. Tomor. and Sat. Eve. 7.30: La Fille mal gardee. THE ROYAL OPERA Thurs. 7.30: Peter Grimes. Mon. 7.30 Tosca (Prom). 65 Amphi seats for all perfs. on sale from 10am on day of perf.

SADLER'S WELLS TH. Rosebery Ave. EC1 837 1672. Eves. 7.30. Sat. Mat. 2.30. LONDON CONTEMPORARY DANCE THEATRE Tonight & Tomor. No Man's Land, Successions, Eclipse Thur. & Sat. No Man's Land, Meeting and Parting, Class.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats. Thur. 3.0. Sats. 4.0 GOOD FRIDAY ONE PERF. at 7.30 IRENE "LONDON'S BEST NIGHT OUT SPECTACLE, CAPTIVATING TUNES AND RACY COMEDY." People. IRENE "SLICK, SUMPTUOUS—THE MUSICAL IRENE HAS EVERYTHING." D. Express. IRENE INSTANT CONFIRMED CREDIT CARD BOOKINGS ON 01-836 7611.

ALBERY. 836 3878. Evenings 8.0. Mats. Thurs. 3.00 Sat 5.00 8.15 sharp. National Theatre Production EQUUS by PETER SHAFFER Directed by John Dexter "STUNNING AND COMPELLING." Std.

ALDWYCH. 836 6404. Inf. 836 5332. ROYAL SHAKESPEARE COMPANY In Repertoire. Tonight. Tomor. O'Keeffe's WILD OATS "a raucously funny evening." Punch With: Nichols' PRIVATES ON PARADE (only 11 more perfs. next perf. 7 Apr.) Evenings 7.30. Wed. & Sat. Mat. 2.30

AMBASSADORS. 836 1171. Evgs. 8.00. Tues. 2.45 Sat. 5.30 8.30. Seats £1.75 to £3.50 or Dinner-Top price seat £6.30 NIGEL PATRICK. PHYLLIS CALVERT ISABEL DEAN JENNIFER HILARY in DENIS CANNAN'S DEAR DADDY "THE MOST SUBSTANTIAL NEW PLAY IN TOWN." Observer PLAY OF THE YEAR Society of West End Theatre Award '76.

APOLLO. 01-437 2663. Evgs. Inc Gd. Fri. 8.0 Thur 3.0 Sat. 5.0 and 8.30. JOHN MILLS JILL BENNETT. MARGARET COURTENAY. ROSE HILL RAYMOND HUNTLEY AMBROSINE PHILPOTTS and ZENA WALKER in TERENCE RATTIGAN'S SEPARATE TABLES Dir. by MICHAEL BLAKEMORE. "THEATRICAL MAGIC." S. Express.

CAMBRIDGE. 836 6056. Mon.-Thur. 8 Fri., Sat. 5.45 and 8.30. IPI TOMBI "PULSATING MUSICAL." Ev. News. 2nd GREAT YEAR Dinner-Top price seats £7.50 incl.

COMEDY. 01-930 2578 Evenings 8.00 Mats. Thurs 3.00. Sats 5.30 and 8.30 Winner of all 1975 Awards BEST PLAY OF THE YEAR HYWELL BENNETT in SIMON GRAY'S OTHERWISE ENGAGED Directed by Harold PINTER

CRITERION 930 3216. Last Week. Mon. to Fri. 8. Sats. 5.30 and 8.30. WARREN MITCHELL in THE THOUGHTS OF CHAIRMAN ALF by JOHNNY SPEIGHT EVENING STANDARD BEST COMEDY OF THE YEAR AWARD. Seats from £1.

CRITERION. 930 3216. Reduced price preview April 12 at 8. Opens Wed April 13 at 7. Subs. & Sats. 5.30 & 8.30 Thur. 3 LESLIE PHILLIPS in Michael Pertwee's new comedy SEXTET

DRURY LANE. 01-836 8108 Evenings 8.0 sharp. Matinees Wed. and Sat. 3.0 No perf. Good Friday A CHORUS LINE "A RARE DEVASTATING JOYOUS ASTONISHING STUNNER." S. Times "VOTED BEST MUSICAL OF 1976"

DUCHESS. 836 8243. Evenings 8.00 Fri., Sat. 6.15 & 9.00. No perfs. Gd Fri OH! CALCUTTA! "The Nudity is Stunning" D. Telegraph 7th SENSATIONAL YEAR

THEATRES

DUKE OF YORK'S. 01-836 5122. Evgs. 8.0. Fri., Sat. 6.0 and 8.45. Good Friday 8.0 only. TERRY SCOTT. ANNA DAWSON. DENNIS RAMSDEN. LYNDA BARON A BEDFUL OF FOREIGNERS "GENUINELY HILARIOUS." Gdn. Seats from £1.50 to £3.00 also Dinner-Top price seat £6 incl.

ELLE et LUI. 01-437 2661. Walker's Court. Brewer Street. W.1. Ntly. inc. Gd. Fr. 8.15 and 10.15 PAUL RAYMOND presents PENETRATION An Erotic Adventure in French Pornography. "Good-looking men and women perform various permutations of the sexual act" Evening News. You may drink and smoke in the auditorium.

FORTUNE 836 2238. Mon.-Fri. 8.00. Sat 5.00 and 8.00 Mat Thur. 3.00. AVRIL ANGERS and DEREK BOND in AGATHA CHRISTIE'S MURDER AT THE VICARAGE 2nd GREAT YEAR

GARRICK THEATRE 01-836 4601 Evgs 8.0. Fri. Sat. 6.0 and 8.40 RICHARD BECKINSALE is "side-splittingly funny" Daily Mail in FUNNY PECULIAR "More good laughs than any other play in London." Observer NOW IN 2nd "OUTRAGEOUS" YEAR

GLOBE. 01-437 1592 Evenings 8.15. Mat. Wed. 3.00. Sat. 6.00 and 8.40. PETER BARKWORTH PETER JEFFREY and PENELOPE KEITH "The funniest woman in the West End" Guardian. DONKEY'S YEARS "MICHAEL FRAYN'S delightful comedy." E. Standard. "Two hours of bubbling laughter." Daily Mirror.

GREENWICH. Croom's Hill S.E.10. 858 7755. Evgs. 7.30. Mat. Sat. 2.30. MAX WALL. GALE HUNNICUTT and ANNA CARTERET TWELFTH NIGHT.

HER MAJESTY'S. 930 6606 Evgs 8 SHARP. Mats Wed. 3. Sats 5.15. 8.40 FIRE ANGEL LONDON'S NEW SPECTACULAR MUSICAL FIRE ANGEL

HAYMARKET. 930 9832. Evenings 7.45 Mat. Wed 2.30. Sats. 5.00 and 8.15 Googie WITHERS. John McCALLUM. Bill FRASER. Clive FRANCIS Martin JARVIS. Jenny QUAYLE in Somerset Maugham's THE CIRCLE "Theatrical magic—acting of the highest order" Jack Tinker. Daily Mail.

KING'S ROAD THEATRE 352 7488 Mon. to Th. 9.00. Fri Sat. 7.30. 9.30 No perfs Good Friday THE ROCKY HORROR SHOW NOW IN ITS 4th ROCKING YEAR

LYRIC. 01-437 3686. Evenings 8.00. Mat Wed 3.00. Sat 5.00 and 8.30. JUDY CORNWELL. MICHAEL ALDRIDGE in THE BED BEFORE YESTERDAY by BEN TRAVERS "Still the funniest comedy in London." Daily Mail "Wittiest sex comedy of the year." Daily Express.

MAYFAIR. 01-629 3036 493 2031 Evs 8.15 Sat. 6 & 8.40. Pam Gems' DUSA, FISH STAS AND VI "A FUNNY SPARKLING & VIVACIOUS PLAY" E. Stand. "Brilliant" D. Tel Seats available Tonight from £1.50.

MERMAID. 248 7656 Food 248 2835 This week for only 1 week. The incredible mind-bending world of PAUL GOLDIN CALL BOX OFFICE FOR FURTHER DETAILS OPENS APRIL 27 PREVIEWS FROM 21st OH MR. PORTER An original Musical with the music and lyrics of COLE PORTER DINNER-TICKET £5.95

NATIONAL THEATRE 928 2252 OLIVIER: Ton't 7.30 Tomor 2.15 and 7.30 Julius Caesar by Shakespeare. LYTTELTON: Today 10.30am special perfs (no seats avail) The Magic Drum by James Kirkup Ton't 7.45 Bedroom Farce by Alan Ayckbourn: Tomor 7.45 Jumpers: Over 100 excellent £1-£1.50 seats both theatres day of perf from 8.30am. COTTESLOE: Ton't 7 Tomor 8 Strawberry Fields a new play by Stephen Poliakoff. All seats £1 (day of perf) or £1.50. Car park Restaurant 928 2033.

PALACE 01-437 6834 JESUS CHRIST SUPERSTAR Mon.-Thurs 8.00 Fri Sat 6.00 8.40

PALLADIUM 01-437 7373 Last week Evgs Inc Gd Fri 8 (Sats sold out) BRUCE FORSYTH In his own "one man" laughter show

PHOENIX THEATRE. 01-836 8611 Evgs. 8.15. Fri. Sat. 6.45 and 9 p.m. No perfs. Good Friday CARTE BLANCHE THE SEXIEST SHOW IN LONDON "SUMPTUOUSLY STAGED." D. Tel. Bars open from ½ hr. before perf.

THEATRES

PICCADILLY. 437 4506. Opens 18 April: Mon-Fri. 8. Sats. 5.15. 8.30. Mat. Wed. 3 ROYAL SHAKESPEARE COMPANY in "raucously funny" 18th-century comedy. WILD OATS "Central performance of dazzling virtuosity from Alan Howard." D. Tel.

PRINCE OF WALES. 01-930 8681 Evgs. 8.00. Fri., Sat. 6.00 and 8.45 MICHAEL CRAWFORD MICHELLE DOTRICE in SAME TIME NEXT YEAR "SIMPLY GREAT." Daily Mail "TRIUMPH FOR CRAWFORD." D. Exp.

QUEEN'S. 01-734 1166. Opens April 20 BOOK NOW. BOX OFFICE OPEN COLIN BLAKELY. MICHAEL GAMBON. ROSEMARY LEACH in ALAN AYCKBOURN'S NEW PLAY JUST BETWEEN OURSELVES

QUEEN'S. 01-734 1166. Evenings 8.0 Mats. Thur. 3.00. Sat. 5.00 and 8.30. LAST WEEK. ALEC GUINNESS. MARK KINGSTON. ANGELA THORNE in YAHOO "Spellbinding theatre" D. Tel. "Alec Guinness is utterly compelling." Gdn

RAYMOND REVUEBAR. 01-734 1593. At 7 p.m., 9 p.m., 11 p.m (Open Sun.) and Good Friday PAUL RAYMOND presents THE FESTIVAL OF EROTICA FULLY AIR-CONDITIONED. You may drink and smoke in the Auditorium.

REGENT. 323 2707. Evenings 8.30 Friday and Saturday 7.00 and 9.15 GOOD FRIDAY 2 PERFS. at 7 and 9.15 OVER 1,000 PERFORMANCES 3RD ECSTATIC YEAR LET MY PEOPLE COME AN ADULT MUSICAL "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROYAL COURT. 730 1745. Last week. Evenings at 8.00. Saturdays 5 and 8.30 GIMME SHELTER by BARRIE KEEFE "They say as much about the bleak and loveless England of the '70s as John Osborne's 'Look Back in Anger' said about the fatuous fifties." Daily Express. 7.84 Company Out of Our Heads from Apr. 12. Sam Shepard's Curse of the Starving Class opens Apr. 21.

SAVOY. 836 8888. Evgs 8. Mat. Wed. 2.30. Sat. 3 and 8. ROBERT MORLEY. JULIAN ORCHARD in BEN TRAVERS' BANANA RIDGE "Hilarious success." Daily Tel.

ST. MARTIN'S. 836 1443. Evgs. 8. Sats. 5 & 8. Mats. Tues. 2.45. (Gd. Fri. at 8) AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 25th YEAR

STRAND. 01-836 2660 Evenings 8.00. Mat. Thurs 3.00. Sat. 5.30 and 8.30. NO SEX PLEASE —WE'RE BRITISH THE WORLD'S GREATEST LAUGHTER MAKER

TALK OF THE TOWN. 01-734 5051. From 8.15. Dng.-Dcg 9.30 Super Review RAZZLE DAZZLE and at 1 a.m. MATT MONRO

TH. UPSTAIRS. 730 2554. Until Sat. Evgs. 7.30 FOR ALL THOSE WHO GET DESPONDENT. A Cabaret of Wedekind and Brecht.

VAUDEVILLE. 836 9988 Evgs. 8.00. Sats. 5 and 8. Mats. Tue. 2.45. GLENDA JACKSON in a new play by HUGH WHITEMORE STEVIE with MONA WASHBOURNE and PETER EYRE. Directed by CLIFFORD WILLIAMS "SIMPLY SUPERB—AN OUTSTANDING ACHIEVEMENT." Felix Barker. E. News

VICTORIA PALACE. 834 1317. Evs. Inc. Gd. Fri. 8.0 Wed., Sat. 6.0 and 8.45. CILLA BLACK in CILLA AT THE PALACE with GUEST ARTISTES "...A BOBBY-DAZZLER OF A SHOW." Daily Telegraph.

WESTMINSTER. 01-834 0283. ONE FRIDAY "A play for Easter the music well sung" D. Tel. Evs. 7.45. Mat. Wed., Sat. 3.0. All week including Good Friday.

WHITEHALL. 01-930 6692. GERALD HARPER. DINAH SHERIDAN. NORMAN ROSSINGTON in WILLIAM DOUGLAS HOME'S IN THE RED "All the author's fluency and charm." Dly Tel. "Genuinely funny." Times Directed by Allan Davis. Evs. inc. Gd. Fri. 8 Wed 3.0. Sat 6.0 and 8.45.

WINDMILL THEATRE. 01-437 6312. Ntly. Inc. Gd. Fri. 8.00 and 10.00. PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA "Takes to unprecedented limits what is permissible on our stage" Ev. News. You may drink and smoke in the auditorium.

THEATRES

WYNDHAM'S. 836 3028. Mon.-Fri. 8.00. Sat. 5.15 & 8.30. Maggie Fitzgibbon. Gay Soper. David Firth & Robin Ray in the "BRILLIANT MUSICAL ENTERTAINMENT." People. SIDE BY SIDE BY SONDHEIM "GO TWICE." S. Morley. Punch. "GO THREE TIMES." C. Barnes. N.Y.T.

CINEMAS

ABC 1 & 2. SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: A STAR IS BORN (AA). Wk. & Sun.: 2.00. 5.10. 8.10. 2: STAND UP VIRGIN SOLDIERS (AA). Wk. & Sun.: 2.00. 5.20. 8.20.

CASINO Old Compton Street. 437 6877. BATTLE OF MIDWAY (A) IN SENSURROUND. Weekdays and Sun. at 2.25. 5.30 and 8.30. All seats £2

CURZON. Curzon Street W.1. 499 3737 SECTION SPECIALE (A). A Film by COSTA GAVRAS English sub-titles. At 2.00 (not Sun.) 4.05 6.15 and 8.30.

LEICESTER SQUARE THEATRE (930 5252) NETWORK (AA) Sep. progs. Dly. 2.00. 5.15. 8.25. Seats bkble for 8.25 prog. Mon.-Fri. & all progs. Sat. and Sun. except late night show.

ODEON. Leicester Square. (930 6111.) Gene Wilder. Jill Clayburgh. Richard Pryor in SILVER STREAK (A). Also starring Patrick McGoohan. Sep perfs. dly. 11.30. 2.30. 5.30. 8.30. Seat bkble by post or at Box Office for Mon.-Fri. 8.30 prog & Sat. and Sun. all progs. except late night shows

ODEON. Marble Arch. (723 2011-2) THE PINK PANTHER STRIKES AGAIN (U). Sep progs. Wk. 2.15 5.30. 8.30. All seats bkble.

PRINCE CHARLES Leic. Sq. 437 8181 Richard Dreyfus INSERTS (X). Sep. perfs. dly (inc Sun) 2.45 6.15. 9.00. Late show Fri. and Sat. 11.45. Seats bkble. Licensed Bar

SCENE 4. Leic. Sq. (Wardour St.). 439 4470. Cont. Perfs. Daily 1.05. The Original EMMANUELLE (X). Progs. 1.05. 3.40. 6.15. 8.50. Late show Fri. and Sat. at 11.05 p.m.

ART GALLERIES

ANDRE DERAIN. Watercolours—Victor Waddington. 25, Cork Street. London. W.1. Daily 10-5.30. Sats. 10-1.

BEDFORD HOUSE GALLERY. 105, Kensington Church Street. W.8. DESTINY UNKNOWN. Drawings from HUMORGRAPHIC. Open Tues.-Sat. until April 9. 10.00-1.00. 2.00-6.00.

COLNAGHI'S. 10. Old Bond Street. W.1. 01-491 7408. EXHIBITION OF 19th & 20th CENTURY PRINTS. Until 29 April. Mon.-Fri. 10-5.30. Sats. 10-1.

COVENT GARDEN GALLERY LTD., 20. Russell Street. W.C.2. Tel.: 836 1139. Two Exhibitions MASTER DRAWINGS from the 16th to the 20th century and GEORGE CUMBERLAND views in England. 1815-28 10-6. Thurs. 7.30. Sats. 12.30. Last Day.

GILBERT PARR GALLERY. 285. King's Road. Chelsea. S.W.3. AVINASH CHANDRA New Watercolours. JOHN NITCHINS Flower Paintings Until April 9. Opens Tues.-Sat. 9.30-5.30.

MARLBOROUGH. 6. Albemarle St., W.1 QUINTERO paintings and drawings First London exhibition until April 22. Mon.-Fri. 10-5.30. Sat. 10-12.30

OMELL GALLERIES. 40. Albemarle Street. Piccadilly. W.1 Fine 20th Century British and European Paintings and Large Selection of MARITIME PAINTINGS.

THE PARKER GALLERY. 2. Albemarle Street. Piccadilly. W.1 Exhibition of old marine, military and sporting and topographical prints and paintings and ships' models

UNUSUAL PAINTINGS. 63 Queens Grove. St John's Wood. FIELDBOURNE GALLERIES. 586 3600. Mon.-Fri. 10 a.m.-6 p.m. Sat. by appointment.

CLUBS

EVE. 189. Regent Street. 734 0557. A la carte or All-in Menu. Three Spectacular Floor Shows 10.45. 12.45. 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE. 69 Dean Street. London. W.1. NEW STRIPTEASE FLOOR SHOW THE GREATEST BRITISH STRIP Show at Midnight also 1 a.m. Hostesses. Mon.-Fri. Closed Saturdays. 01-437 6455.

Reformer upsets Jersey's 'tax haven' operators

BY EDWARD OWEN

FAR-REACHING proposals for company law reform which have won Jersey considerable respect internationally, but which are rejected in their present form by the island's local business and professional community, will soon have to be reconsidered.

The man responsible for the proposals, Jersey's former Commercial Relations Officer, Mr. David Morgan, is preparing reports for Jersey's Finance and Economics Committee, summarising and commenting on reactions.

If these follow-up reports are also published, they should provide a fascinating discussion of the main point at issue—how far a tax haven (or, as Jersey prefers to call itself, an offshore financial centre) should go in "policing" company activities.

Mr. Morgan maintains that the adoption of a modern commercial code of the kind he is proposing could only enhance Jersey's international reputation and put the island's financial future on a firmer footing. His critics—who include leading local professional bodies—argue that some of the more controversial proposals would be "positively damaging" to the island's growth as a financial centre.

What is evident is that Mr. Morgan, who was for many years head of legal services at Jordan and Sons in London before taking up the Jersey appointment in 1971, has approached the task of revising the island's company laws far more zealously and uncompromisingly than the business community was expecting.

First he made an exhaustive study of recent legislation and reform proposals throughout the world, being influenced particularly, as he acknowledges, by Professor L. C. B. Gower's work for Ghana.

He then hand-wrote a 144-page report and draft law on insolvency and a similar 128-page document on company law, together with shorter reports on trust law and mortgages of personal property (well over 300,000 words in all), afterwards checking the typescripts and up to three revised proofs in some cases.

The only part of the draft company law—the main instrument—that the critics willingly accept is a short list of "non-controversial" reforms that Mr. Morgan suggested might go before Jersey's parliament in advance of the main legislation. These include the registration of "overseas" (including U.K.) companies trading locally through branch offices or shops; provision for companies to create floating charges—that is, charges on all a company's assets at any given time; and the lifting of the present prohibition on setting up insurance companies in Jersey.

The business community's main objection to the package as a whole is that the legislative framework envisaged would be too complicated and costly for a small island to administer, and would be so restrictive that companies seeking a low-tax base would begin to look elsewhere.

Mr. David Morgan: approached the task of revising the island's company laws far more zealously . . . than was expected.

Far beyond

The Jersey branch of the Institute of Directors says: "While recognising that the current legislation concerning company law requires to be updated to meet the needs of a stable financial centre and to accord with modern practice, we consider that Mr. Morgan's draft goes far beyond what is desirable, is too sophisticated and so far from being an encouragement to the growth of Jersey as a financial centre would be positively damaging. . ."

The Institute also thinks that some of the proposed new machinery is too alien and urges that any changes "should be based on the law and practice of the U.K., as this is well understood by professional men and others in Jersey who have to consider these matters."

Mr. Morgan's effort to serve as a one-man law commission and give Jersey a model commercial code—while it has brought him tributes from outside—is dismissed rather crushingly by the local branch of the Institute.

"We do not consider that Jersey wants legislation dealing with situations which have never occurred, creating offences which have not troubled it in the past, and having as its first objective the prevention of abuse rather than the promotion of efficiency."

Meanwhile the Channel Islands group of the Institute of Chartered Secretaries and Administrators has made private representations to the Finance Committee, expressing "serious misgivings" about such comprehensive reform proposals and suggesting that a working party drawn from "all appropriate professional bodies and Civil Service advisers" should examine every aspect of Mr. Morgan's proposals before any legislation is drawn up.

Much the same suggestion was made at a meeting of various professional bodies called by the Chamber of Commerce, which recommended that a select committee of people with experience of local company law should be appointed to update the existing law, taking account of the relevant points in Mr. Morgan's reports.

One aspect of the proposed new commercial code that the island's professional community clearly dislikes are a number of tough provisions designed to ensure that directors and others involved in running a company cannot shelter behind "the concept of limited liability" if they mismanage its affairs.

The draft legislation would also make it more hazardous for local lawyers and accountants to act for outside companies they know little or nothing about. A frequent remark in professional circles has been that if these provisions ever become law no one in Jersey would risk taking on "offshore" directorships.

Mr. Morgan foresaw this reaction and wrote in his company law report: "If professional directors are nervous that the new proposals place them at too much risk, this surely is but a confirmation of criticisms which have been made in relation to cases where creditors have been abused and companies have been used improperly."

The most generous assessment locally seems to be that the former Commercial Relations Officer has produced a theoretically admirable treatise, but has not sufficiently allowed for the flexibility, confidentiality and freedom from undue supervision that any tax haven must offer.

Cross-currents

A leading finance expert said: "We have now got a push-pull situation here between the technocrats of law reform and the practical businessmen who would have preferred to see amendments of the existing law.

"The immense amount of work that David Morgan has put into producing these drafts, and professional bodies and other institutions into commenting on them, has created a myriad of cross-currents and attitudes that the authorities now have to try to reconcile.

"It remains to be seen whether they will attempt to do this—or adopt the more practical, direct and simple course of starting again."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TELEVISION

Outlook good for flat screen

AT THE Westinghouse Research Laboratories in Pittsburgh an offer of an elegant cathode-ray tube replacement based on a thin-film transistor-controlled electroluminescent panel only an eighth of an inch thick.

The picture was in black and white and at a definition of about 20 lines per inch. It was described by Dr. T. P. Brody, head of the research group involved, as of "good quality" with no visible smear and no flicker even with rapidly moving objects.

The 6-inch square, the panel was originally developed for a digital alphanumeric display, but Brody realised that the microelectronic thin film transistors that control the brightness of the elements were also capable of grey scale operation—and the results of the subsequent attempt to feed video surprised the researchers who are now working on a 6 by 6 inch screen with white phosphor instead of green having 360 lines and 80,000 elements.

The panel is in effect a very large integrated circuit six inches square with a 140 x 110 element format. Each element consists of two thin film transistors, a capacitor and a phosphor overlay material.

The matrix of elements is produced by vacuum depositing thousands of tiny interlocked thin-film circuits on to a glass substrate, coating with a phosphor film and sealing the "sandwich" with a glass cover plate. All the elements are triggered almost simultaneously, 60 times a second. The transistors also control dot brightness. The important feature of the transistorised matrix is that it does not require separate picture elements to be addressed without a floating offset to the same row or column.

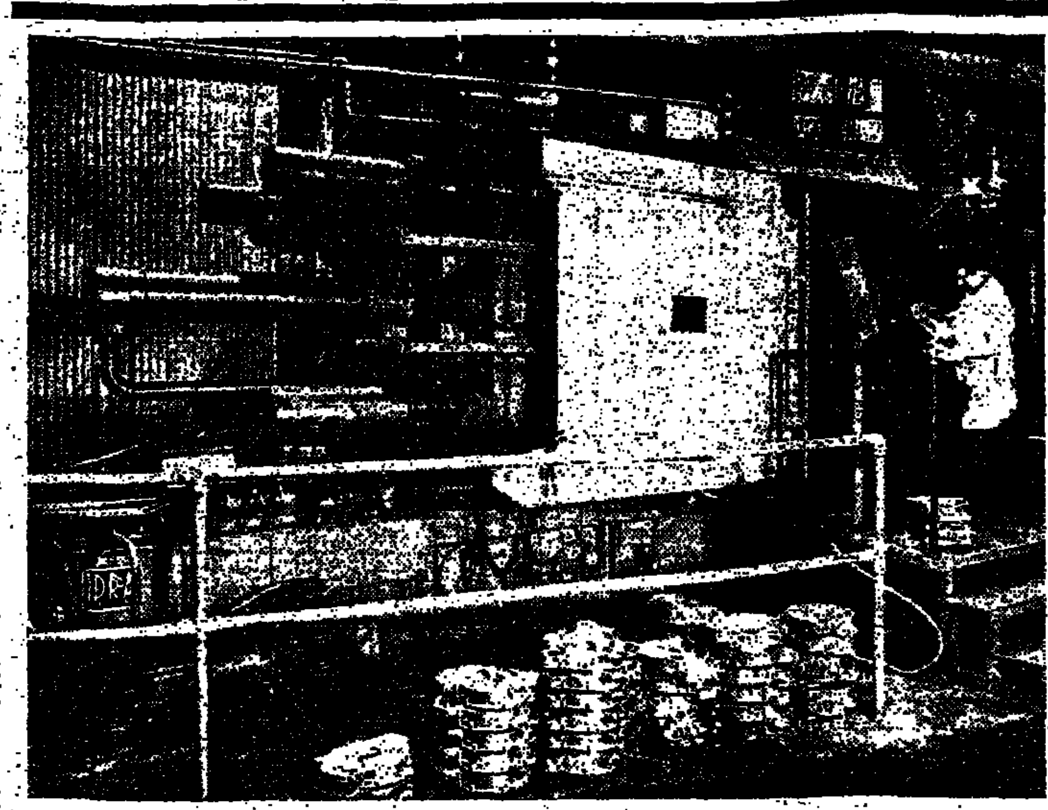
Brody points out however that there is a long way to go to match current monochrome definition—some 250,000 elements would be needed and for colour the element count is trebled.

A serious problem with all displays of this kind has been that of distributing the information to large numbers of picture points by some sort of wiring—as opposed to the enduringly elegant cathode ray tube with its intangible electron beam for scanning. However, although no precise details are released, Westinghouse appears to be in the process of solving the problem by thin film technology. Leads on the two sides of the panel feed signals to the thin film circuit matrix which then energises the electroluminescent cells. The development of scanning and edge driver circuits, which can be simultaneously deposited on to the substrate along with the transistorised matrix, will further reduce the number of external leads from the present 220 to about 20, states the company.

It is also expected to be able to use a continuous grey scale rather than the discrete levels currently achieved, by modifying the drive electronics.

Apart from improving the resolution and developing the drive circuits further, the laboratories are also looking at the colour prospect. The phosphors are available, says Brody, but "several more years" of concentrated effort will be needed to arrive at something comparable with a modern colour tube.

But Westinghouse is already considering the marketplace: in view of the high level of performance and low cost of colour CRTs Brody believes that initial penetration of the flat screen will be in novel forms not accessible to the tube—such as the pocket set or a very large area "picture on the wall" system.



This high-pressure diecasting machine has just been installed by Vowles Foundries at its works on the Hale Trading Estate at Tipton, Staffs. The machine, made by Idra, of Brescia, Italy, is equipped with an automatic casting ladle and an automatic die lubrication system. It will be used for the production of flywheel housings, timing cases and covers. Vowles, which is a subsidiary of Triplex Foundries, says the machine has a locking force of 1,200 tons, a maximum shot weight of 50 lb and produces three castings a minute.

● METALWORKING

Cuts the cost of casting

ONE OF THE most interesting aspects of the world's steel industries at the moment is that while on the casting side most *major plants have moved a long* way towards semi-continuous or continuous casting of steel, within this technology, there are a number of areas where far *too much manual labour still is* required.

In particular, adhesion of metal from casts to the refractories in the tundish is a major problem and any method of preventing or reducing this is most welcome.

To cut tundish preparation times and improve continuous casting performance, Foseco Steelmills International has added preformed nozzle-well sleeves to complement the Garnex cold tundish liner system.

These nozzle sleeves can be used in preference to a ramming compound to form the wells, with far better installation times *—by up to 50 per cent.*

The sleeves are dry-setting, no moisture is introduced and there is minimal need to warm nozzles or nozzle basins. At the same *time, heat loss is cut by the* finished product which spells a reduction in the risk of a premature freeze-off of the metal in the cast.

The material used to make the sleeves is friable after casting and therefore easy to remove without damage to the permanent refractories in the dish. It will work, by preference, with homogeneous refractory castables such as Garcrete, from the company; but specially designed sleeves of the same composition can be provided for use with conventional refractory brick linings.

This development is an extension of the Foseco work on *the lining compounds used in the* casting boxes that distribute molten metal to the reciprocating water-cooled moulds of a continuous casting layout.

A disposable refractory lining for these boxes or tundishes has a low heat requirement while refractory bricks generally need to be heated to about 1000C before molten steel can be poured in. The Foseco cold system can reduce energy input per tonne of steel cast by as much as 30,000 kilocalories, which is a major saving in these times of expensive energy.

One characteristic of the Foseco material is its extremely high insulating properties, so good that the tundish exteriors can be touched while casting is in progress. This cuts out the cooling cycle and greatly improves turnaround of the tundishes. It helps to increase the life of the external shell as well.

More from the continuous casting products division, Foseco Steelmills International, Long Acre, Nechells, Birmingham B7 5JR. 021 327 1911.

● COMPONENTS

New hydraulic hose

FIRST APPLICATION of a new elastomer (AQP), developed by the Aeroquip Corporation in the U.S., is for the liner and braid impregnation of a new hydraulic hose.

Most of the hose development work was carried out at the Cardiff factory of Aeroquip (U.K.), where the company has invested some £1½m. over the past 18 months in new plant and a re-arrangement of its hose production line.

Designated FC300, the hose is constructed of an AQP elastomer tube, an impregnated polyester inner braid, a single wire braid reinforcement and a blue polyester braid cover.

Many advantages are claimed for the new hose: compatibility with all known commercial hydraulic fluids (and many other liquids and gases); abrasion resistance nearly double the service life of the conventional cotton covers; resistance to oxidation; unaffected by extremes of temperature (operating range from −40 to +150 deg. C); and resistance to impulse pressures outlasting standard hose by a factor of at least 5 to 1.

Although the price of the new hose ranges from 70 to 120 per cent more than that for standard hydraulic hose, the company considers this is more than compensated for by the greatly increased life, and by the fact that it can be used for a range of different applications, where a variety of hoses was previously required.

Aeroquip is enthusiastic about the potential of the new AQP elastomer, and sees many further applications for it, such as oil seals, and other injection moulded components. For some items it is expected to have a life some 20 times longer than that of synthetic rubber.

The U.K. company making the hose (expected to be of particular interest in tough environment applications such as earth moving equipment) is a subsidiary of Aeroquip Corp., Michigan, U.S., itself a subsidiary of Libby-Owens-Ford Co.

Details from Aeroquip (U.K.), P.O. Box 29, Studley Road, Redditch, Worcs., B98 7HQ (0527 64292).

● DATA PROCESSING

Farewell to the punch

DEPARTMENT of National Savings in Glasgow is now about half-way through a programme to transfer its massive data capture job from punched card machines to key-to-disc equipment.

It is using five Computer Machinery Company 5300 units linked to 131 terminals or Keystations to process about 200,000 National Savings Bank transactions received each day from the country's 20,000 Post Offices. DNS full requirements specify 212 stations, taking over from 320 punch card machines, operating from seven central control units.

Total value of the full quota of equipment is of the order of £1m. and the installation brings the total of CMC Keystations in Government centres to well over 1,200 with 66 central controllers.

All these machines have been made at the company's plant at Hemel Hempstead where the units were originally designed. They are capable of handling data records of fixed or variable lengths and have areas of application broader than normally associated with key-to-disc units.

More from CMC at Maxted Close, Hemel Hempstead, Herts, HP2 7LA. 0442 61266.

Records the data easily

THE 305 data capture printer from GMT Products has been designed for the industrial user who needs a numeric print-out as an operational part of his installation or as a back-up record.

Rack-mounted or free-standing, there are two basic units one of which prints on a continuous roll 89 mm wide while the other prints on an inserted ticket 89 x 150 mm.

Plug-in modules are available that enable inputs to be accepted in the form of parallel digital data which is TTL compatible, or in analogue form into an A to D converter; the latter is self-zeroing with a resolution of one in 9,999.

A crystal controlled clock provides a print-out of days, hours, minutes and seconds (up to 60 days) and also enables a preset interval for printing to be selected. Data inputs can be totalised to a capacity of eight digits and difference values can be calculated using coincident or subsequent data inputs.

The digital data inputs are provided with a buffer memory into which the data is loaded on command making interfacing to external equipment simpler.

More from Woodlands Road, Epsom, Surrey KT18 7HN (03727 26641).

● MATERIALS

Polyester drive belt

TO GIVE reliable power transmission in hostile environments, an endless belting system in polyester has been developed by *Brammer Transmissions, Hudson* Road, Leeds LS9 7DF (0532 493486).

Called Plastibelt, it is claimed to resist oils, animal wastes and many chemicals, and is supplied in two forms—made up to order in any length, or in 25-metre rolls.

Downtime is said to reduced, as the belt takes only minutes to cut, weld and fit. The replacement belts require no realignment of pulleys. The belting has a co-efficient *of friction* 3½ times that of Neoprene, and is more resilient to shock loads than conventional rubber/fabric V-belts, says the maker.

The belting fits conventional pulleys size M/A/B/C, and is suitable for fixed centre drives as there is no need to retension.

Problems created by deposits of fines at idler rollers, and the caking of dirt on the drivehead and tail-end return drums, can be solved by removing material adhering to the conveyor belt after the load has been discharged. A belt cleaner has been developed by Schwarz-Holywell which is claimed to be one of the most efficient on the market.

Said to be easy to install and maintain, the unit consists of an adjustable frame carrying the cleaning device—a wheel-shaped rotating scraper.

This is installed at a slight angle across the running direction of the belt so that the cleaning edge contacts across the whole width. The scraper is kept turning by the running belt, and the maker says its smooth, controlled action guides the dirt off the belt into a receiving area *for clearance.*

The cleaning edge of the scraper wheel which is adjustable to compensate for wear, is fire resistant and anti-static. The *wheel bearings* are sealed for life. At an NCB installation the device was found to be removing an average of 3 tons/day of adhering material.

More from the maker, Backworth, Newcastle upon Tyne, NE27 0AE (0632 684365).

● PACKAGING

Conversion to hot melt

INCREASING demand for sealed, pilfer and/or dust-proof cartons for consumer products, has led Whitehall Machinery to develop hot-melt glue versions of its complete range of cartoning machines.

By adopting the hot-melt glue system, with its rapid setting cycle, the company has been able to maintain designed operating speeds. A Nordsen hot-melt *applicator* is built into the machines, which are also modified with an extra tucking arm to handle four carton flaps instead of the usual three of tuck-end cartons.

Any of the existing cartoning machines in the field can be adapted to the system if required. The adaptation does not preclude the machines from being used for conventional tuck-end duty when required.

Less chores in making cores

PROBLEMS in the making of big diesel engine crank-cases are being overcome with a new core-making machine developed in collaboration with Rolls-Royce and Coneygre Foundry (Birmid Qualcast) by Industrial Foundry Materials.

It uses 1 cwt. of sand to produce a core every 57 seconds, claimed to be the largest made so far in the U.K. The cores are used in the production of V-12 diesel engines.

IFM, which has made several successful innovations since pioneering the use of machines to make cores, is also introducing another new machine the Steloy MK 5V/5S, which uses five-part core boxes.

This machine is fully pneumatic, and any movement can be switched in or out to use two or more boxes. It will produce, for example, car manifolds at the rate of 30-60 an hour depending on size.

Industrial Foundry Materials, Hayes Industrial Estate, Halesowen B63 2RS West Midlands.

Cylinder liner press

FAST OPERATION with above-average safety is claimed for a 60-ton electro-hydraulic press, designed to fit or remove cylinder liners. The press, purpose-built for the engine rebuilding industry, has a travelling bed to position the cylinder block accurately.

The 18-inch stroke of the ram *enables* liners to be pushed in or out in one operation. During trials on a Bedford six-cylinder engine, a full set of liners is said to have been fitted in 12 minutes. *Hydraulic power is supplied from* a pack driven by a three-phase electric motor.

Fine control of the ram by a dead-man lever allows components to be located easily. An automatic pressure release is actuated at 60 tons. Although intended primarily for cylinder liner work, the press is supplied with two 10-inch setting-up channels which enable it to be used on smaller components. A catchment tray is fitted for recovering pressed-out parts.

Details from Tetroc, 51 Cobham Road, Ferndown Industrial Estate, Wimborne, Dorset (0202 877441).

APPOINTMENTS

CONTRACTS AND TENDERS

COMPANY NOTICES

LABOUR NEWS

Police seek 'substantial' rise in next wage round

BY ALAN PIKE, LABOUR STAFF

POLICE Federation leaders will tell the Government to-day that they expect a "very substantial uplift" in pay in the next round of wage negotiations—apart from the unresolved problem of their current claim.

The federation is angry at being told that it must settle its present claim within the £2.50-£4 limits of Phase Two of the pay policy rather than the more generous £6 margin of Phase One. This is expected to provoke delegates at the federation's conference in Scarborough next month to give widespread support for demands that police officers be given the right to strike.

This morning federation leaders will deliver a letter to Downing Street stressing to the Prime Minister that police officers will be looking for substantial increases when they start discussing their next pay rise later this year.

Mr. Jim Jardine, chairman, said this did not mean the police had abandoned the present dispute. They would "still press vigorously for satisfaction" on it.

The next move would be to take their case to the British public. "We do not believe that the public wishes to see the police service singled out as sacrificial lambs to the incomes policy.

Dispute

"Therefore we intend to express to the ordinary citizens exactly what our problems are and to ask them as individuals to demonstrate their support. They can do this in a variety of ways of which the most obvious is letting their Members of Parliament know exactly what they think."

A pay rise averaging 26 per cent., which police officers received just as the £6 limit was coming into effect in the summer of 1975 at the centre of the present dispute. The federation believed this would not prevent police from receiving the phase one £6 a year later, but the Government insists that they must settle under phase two.

This has led to the federation withdrawing from the Police Council, where wage issues are discussed. Although the phase two increases have been available since September the federation has refused to accept them.

Mr. Jardine said yesterday police officers had been "singled out for special treatment of the wrong kind" under the pay policy. For the first time the traditional loyalty of police officers was being undermined. Already votes among members of eight forces had produced 3—1 majorities in favour of police officers having the right to take industrial action.

The federation says policemen are becoming so discontented that even at the present time of high unemployment wastage is starting to outpace recruitment.

GMWU faces rift on social contract

BY OUR LABOUR STAFF

LEADERS OF the moderate General and Municipal Workers Union will face widespread rank-and-file demands to withdraw support for the social contract and return to free collective bargaining at the union's annual congress in Southport next month.

At last year's congress the GMWU, one of the Government's most loyal allies, gave almost unanimous support for the continuation of pay policy.

But few of the 45 motions dealing with the social contract on this year's preliminary agenda reflect this spirit, and many are totally hostile.

Mr. David Basnett, GMWU general secretary, is one of the most prominent of the TUC's economic negotiators with the Government.

He will clearly have to consider to what extent the conference motions reflect broad opinion in his union as he enters the forthcoming negotiations on a possible Phase Three of pay policy.

Warnings

One motion, from the Liverpool, North Wales and Irish region, recognises the need for maximum unity between the trade union movement and Labour Government but warns that with wage restraint, public expenditure cuts and present unemployment levels this unity is "seriously threatened."

Others warn that a fixed pay policy cannot promote economic growth and calls for the introduction of productivity bargaining.

Many GMWU members are employed in the public sector and the effects of expenditure cuts can be presumed to have influenced the thinking of many branches on pay policy.

One motion "totally rejects" the Government's policy on public expenditure and demands that the cuts be immediately restored. Another urges the union to oppose social services cuts "by every means possible."

Port Talbot strikers seek aid from unions

By Our Labour Staff

STRIKING ELECTRICIANS at the British Steel Corporation's Port Talbot plant in South Wales are now seeking financial support from other trade unionists in what could prove to be a long and bitter fight.

The plant, BSC's biggest, was closed at the week-end laying off all 6,700 production workers. Only 4,000 administrative staff and 1,800 safety and maintenance men are being kept on and the stoppage is expected to cost British Steel at least £1m. a day.

The 520 electricians, members of the Electrical and Plumbing Trades Union, have ignored a "return to work" call from their national executive and shop stewards remained adamant yesterday that the management had to meet them or the deadlock would not be broken.

BSC said last night, however, that there were no plans to meet the shop stewards.

The electricians are not planning to hold a mass meeting until Friday and they stress there will be no vote on whether to return to work unless there are specific management proposals.

The unofficial strike flared up after British Steel refused to give in to a pay demand, believed to be for £10 or more a week.

The electricians, who walked out nearly two weeks ago, say a pay rise claimed for five men working on new technology should be extended to all men.

The whittling away of the electricians' pay differentials over less skilled workers is a severe, underlying problem, however.

Less than three weeks ago, the Port Talbot plant was promised investment totalling £835m. The closure, if long, could have severe repercussions in several industries. But according to BSC steel stocks are sufficient for some weeks.

Civil servants back Gibraltar pay dispute

BY OUR LABOUR STAFF

MEMBERS OF the Civil and Public Services Association yesterday went on a 24-hour strike at the Inland Revenue mail collection complex at Kew in support of fellow members involved in a dispute with the Ministry of Defence in Gibraltar.

The union claimed pickets had stopped all incoming and outgoing mail. It was the first stage in a campaign to disrupt Government revenue departments.

The dispute in Gibraltar is over the suspension of 300 CPSA members by the Ministry of Defence and the Property Services Agency for continuing industrial action on union instructions. The union had been working to rule and banning telephone duties over a pay claim.

The claim was made in the wake of a pay settlement between the Gibraltar Government and its clerical workers in the Gibraltar Government Clerical Association.

The CPSA claims that the settlement destroyed previous differentials between its members working for the Ministry of Defence and clerical staff working for the Government.

The CPSA claimed that as a result of the settlement some of the Gibraltar government clerical staff were getting £8.00 a week more than Ministry of Defence staff doing equivalent work.

The Ministry of Defence refused to restore differentials and subsequent industrial action by CPSA members was followed by the Ministry's ultimatum to ignore any further instructions from the union. The entire membership of 300 refused to accept the ultimatum and were suspended by the Ministry.

Since the suspension the Ministry has coped by flying in civil servants from the U.K. The union claims that financial inducements have been offered to these civil servants including a London weighting allowance.

It also claims it is costing the Ministry of Defence more to attract people to do its members' work than it would if the claim was met in full.

Park Caterers in contest

A COMPETITION to find the best catering in the Royal Parks was announced by the Environment Department yesterday. Six judges will visit the 16 restaurants and refreshment places in the parks in April and May, and the winner will receive a plaque.

Broadcasting staff to debate Annan report

By Our Labour Staff

THE Association of Broadcasting Staffs' annual conference voted yesterday to hold a one-day meeting to discuss Lord Annan's report on the future of radio and television.

The decision was not supported by Mr. Tony Hearn, general secretary of the ABS, who favoured the union drawing up a policy document.

The special meeting, likely to be held in June, will discuss specific emergency motions.

One urges the union to ensure that local radio is left in the hands of the BBC and the IBA and not given over to a new independent local radio authority.

Hospitals mediator at work

BY OUR LABOUR STAFF

THE Advisory, Conciliation and Arbitration Service mediator in the Surrey hospitals dispute, Prof. George Bain of Warwick University's industrial relations department, spent most of yesterday at Epsom meeting hospital management and Transport and General Workers' Union officials. The dispute, which affects five hospitals in the Epsom area, began when about 30 ancillary workers were suspended for refusing to work new rotas.

Local deals proposed for miners

By Our Labour Correspondent

A SUB-COMMITTEE of the National Union of Mineworkers yesterday put the finishing touches to plans for a pit-level or area-level productivity scheme which, with early retirement, are seen as the only chances of winning NUM support for a further voluntary incomes policy.

The plans, which will involve local bargaining on pit targets, taking geological difficulties into account, will be discussed by the NUM's negotiating committee in two weeks' time, before being submitted to the executive council next month.

No figures have been put into the discussion yet, and it has still to be decided how much of the bonus surface workers will be given.

There is no talk of a national productivity plan because of the complete failure of the present scheme which has paid only one increase since it was set up. Against this, Left-wingers can be expected to mount another fierce campaign against pit-based schemes which they see as a threat to the unity of the union as well as to the authority of the leadership.

● Mr. Arthur Scargill, Yorkshire area president of the NUM, yesterday demanded changes in the law covering compensation for people injured at work to provide a set amount of general damages and a guaranteed wage until the injured worker's position became stable.

New General Practice stock

THE GENERAL Practice Corporation yesterday made an issue of 250,000 General Practice Finance Guaranteed 13¾ per cent. stock 1992 to the National Debt Commissioners at 99¾ per £100 of stock to yield 13¾ per cent. to redemption. The issue is covered by a Treasury guarantee.

The corporation was set up in 1966 to help National Health Service doctors with loans to provide or improve working premises.

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The Financial Times Tuesday April 5 1977

FINANCIAL TIMES REPORT

Tuesday April 5 1977

Soft Commodities

Soft commodities—as opposed to the base metals and similar industrial raw materials—have an immediate impact in price terms on the general public. The steep rise in, for example, coffee and cocoa have prompted housewives—and others—to question the operation of this market.

Prices sound a public alert

By John Edwards
Commodities Editor

PUBLIC AWARENESS of the commodity markets has been greatly increased of late by the startling rise in the price of coffee and to a lesser extent that of cocoa, which has hit consumers' pockets direct. In the inevitable questioning as to why such large rises in the cost of coffee and cocoa have been imposed the spotlight has turned on the London futures markets where the prices are quoted every day. Inevitably too there have been searching questions about how much effect non-trade speculation has played in boosting prices and whether the wild price fluctuations taking place mean that the market mechanism is at fault.

On the whole the markets have come out quite well from these investigations. It is now generally accepted that a series of crop disasters, and political conflicts, has created a world-wide shortage of coffee. Even the fact that there can be frosts in Brazil, which vitally affect the world's coffee supply, has been put over to a normally disbelieving public.

In turn this has also helped tea manufacturers explain the sharp rise in their product, although the situation is far more confused in view of the absence of a tea futures market. Price movements decided at the weekly London tea auctions are very much trade-orientated and therefore vulnerable to critics from outside the trade who might feel they are being excluded from the real story of what is happening.

Faced with a barrage of facts and figures proving why coffee and cocoa prices should have risen so spectacularly, criticism of speculative activity in the futures markets has been much less strident than on previous occasions. Naturally, attacks from producing countries on speculators rigging the markets have been absent too since the increased export earnings from cocoa and coffee have been of considerable benefit to many of the Third World countries dependent on sales of primary produce.

Warning

The main words of warning have come from consuming countries, which point to the long-term effect on consumption that these high prices are likely to have. After all, no one is forced to drink coffee or eat chocolate; they are essentially luxuries that can be dispensed with if the cost becomes too great. A prime example of the way circumstances can change in a commodity market has been provided by the other main London futures market—sugar—where world prices reached a peak of over £650 a tonne in 1974 and are now fighting to stay above £100 because of the large surplus generated by the 1974 boom.

One of the main functions of the commodity markets is of course to operate the price mechanism that regulates the supply and demand of products. When there is a shortage prices must rise to encourage new production and discourage consumption. In times of surplus supplies the reverse happens.

To be effective these price movements have to be exaggerated to achieve the purpose required. An essential feature too is that this mechanism does not function properly if the market movements are distorted by artificial restraints. This explains why the commodity markets are sometimes described as the last bastion of capitalism; they have to be free to reflect the basic laws of supply and demand if they are to work effectively.

This freedom must also include a sizeable element of speculation, either by the trade or by outside institutions or individuals, to provide the funds required to meet the needs of the trade. In too small a market trade "hedging"—an insurance against price fluctuations—is only effective if there are sufficient people, often non-trade, willing to provide the "other" side of the market, perhaps be the main buyers when the trade generally believes prices will fall.

In the U.S. there is a totally different attitude to speculation. It is positively welcomed and encouraged as a means of making commodity futures markets viable, so that they can be used by the trade and fulfil their pricing mechanism role. Speculation is not the dirty word as it is in London where commodity market organisations try to avoid even mentioning speculators lest it should offend the politicians who could control the destiny of the London markets.

This is not to say that the dangers of excessive speculation, distorting market price movements completely, is not recognised both in London and New York—or the potential for swindles or channelling of illegal profits or funds that the commodity markets offer. In the U.S. the new Commodity Futures Trading Commission, which have similar powers to the Securities and Exchange Commission in the stock markets, has become increasingly active in seeking to regulate commodity futures trading with a series of controls.

It has, for example, stamped hard on some dubious sales of so-called London commodity options, sold by high-pressure methods to a gullible public unaware that the companies were raking in well above normal commissions and profits. The curbs imposed in the U.S. have involved some conflict with the London markets, which are naturally resentful of normal option trading from the U.S. being penalised to stop a few offenders. Moves towards a compromise are now being made, with the U.S. apparently softening its hard-line attitude.

One of the problems is that control of the London commodity markets is somewhat different from that in the U.S. In London, supervision of the commodity markets is left to the individual market associations, but a careful check on what is going on is maintained by the Bank of England through regular contacts with the markets and detailed reports from all the commodity traders.

The Bank has considerable influence in that the markets require the special exchange control schemes to be able to operate at all. In recent years, worried by criticism of excessive speculation, the Bank has stepped up its monitoring of the market activities considerably to try and avoid dangerous situations building up, rather than merely exercising its original main function of ensuring that the exchange control rules were observed.

A good illustration of this indirect method of control was provided recently when the Cocoa Terminal Market Association decided to try and reduce the activities of large-scale speculators in the market by introducing a massive increase in the initial deposit margin for non-trade holders of over 100 lots of 10 tonnes each. This brought an immediate reaction with prices collapsing sharply initially, although it remains to be seen whether the move has been truly effective rather than causing even greater distortion of prices.

The International Commodities Clearing House, a subsidiary of the UDT group, also plays an important part in limiting speculation on occasions by raising the deposits it requires when a market becomes overheated. But in the Bank's view the greatest successes of its monitoring system are those which are not made public simply because they are avoided by timely action before rather than after the event.

Vulnerable

Nevertheless the fact remains that the markets are vulnerable on occasions to the kind of wheeling and dealing approach, close to being illegal or even stepping across the border, that occurs however tight the regulations. There is also growing concern about the massive increase in "floating" international funds that have been pouring into the commodity markets—especially when there is an opportunity, such as a shortage of supplies, for exploitation in order to make a great deal of money.

These attempted speculative coups are highly risky, and often end up with heavy losses being suffered instead, but methods of trading have become much more sophisticated in recent years and the sheer volume of funds available can be difficult for the market to absorb properly. Often it is the small speculator unwisely trying to jump on the bandwagon that ends up being hurt most.

These fluctuations in prices, while playing a role in controlling future output and demand, can also wreak havoc with countries whose livelihood depends on receiving a fair price for their products if they are to survive economically. International commodity agreements have been negotiated for both coffee and cocoa, but they are not functioning in the markets at present since current price levels are high enough to ensure very profitable returns for producers of both these commodities.

So a deal of further negotiations will be needed if market prices, as expected, come down closely to production levels in the face of declining demand in the years ahead. The fall in world sugar prices has triggered off new attempts to revive the International Sugar Agreement, with a negotiating conference to be held in Geneva from April 18 to May 27. There are good hopes for an agreement emerging, particularly because the new Carter Administration in the U.S. seems to have decided to change the country's traditional opposition to commodity pacts.

Indeed, the U.S. itself has started moves for a possible revival of the international grains agreement which at one time regulated wheat export prices. Consumer countries, including the U.S., are still dubious about the multi-buffer stock fund proposed under the UNCTAD integrated commodities programme.

But the UNCTAD initiative has encouraged a general revival of interest in commodity pacts, with natural rubber producers already agreeing in principle to form a buffer stock support scheme, and progress is also being made in talks on pacts for other "core" commodities, like hard fibres, jute, tea and cotton.

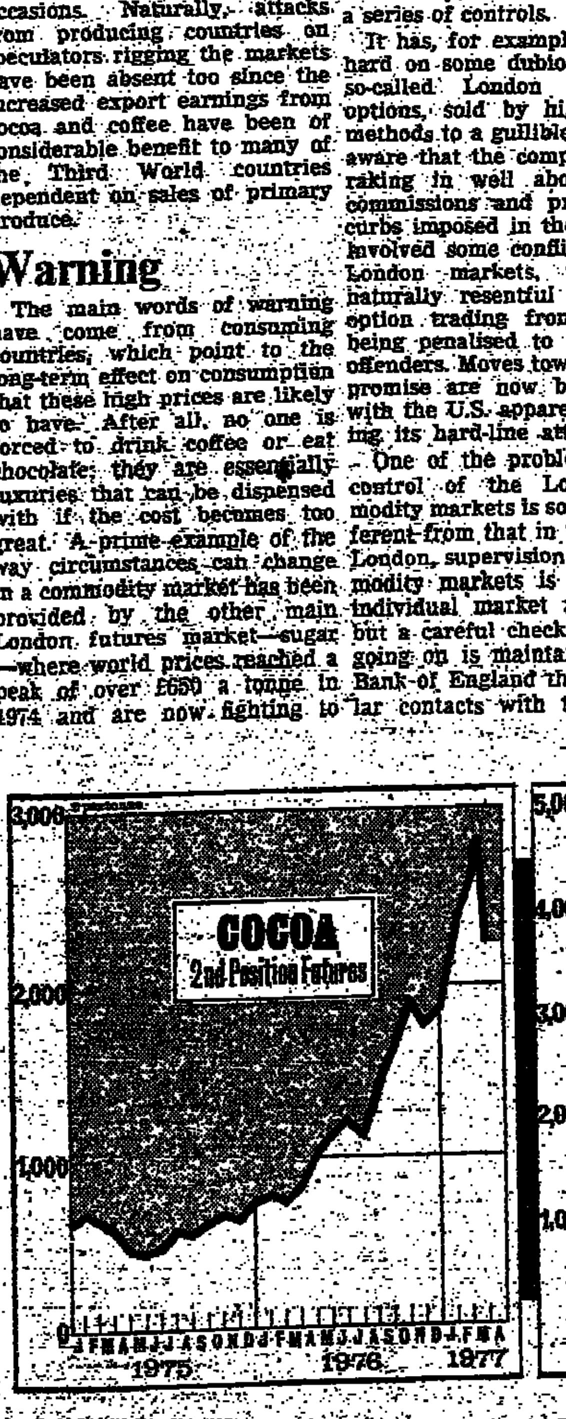
Diminished

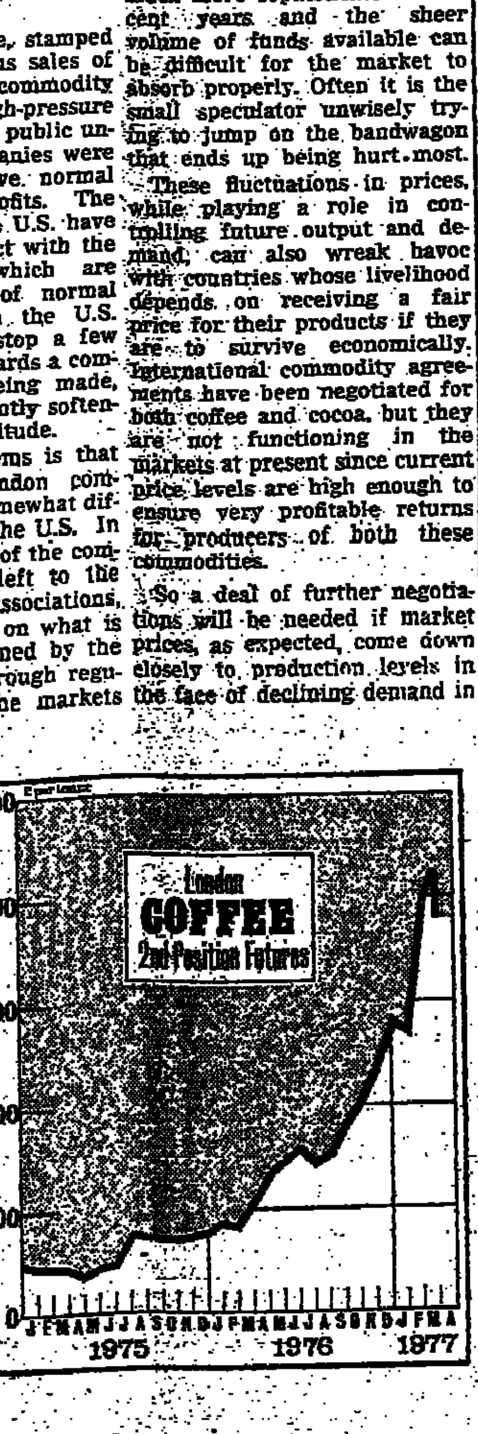
Theoretically, if these price stabilisation hopes are realised the role of the commodity futures markets as price fixing and hedging media would be somewhat diminished. But it is not being too cynical to suggest whether any stabilisation moves would really succeed in view of the many setbacks that are likely and the vulnerability of commodities to unpredictable changes in supply through crop disasters. Indeed at the moment the commodity futures markets have never been busier or more active. Last year turnover on the London Commodity Exchange jumped to £58.7bn.

This compares with the previous peak of £38.3bn. in 1974 and only £1,400m. in 1966. It should be further boosted this year by activity so far and the introduction of a new soyabean oil futures contract that should benefit from the success of the soyabean meal market. These figures, which cover "paper" transactions on the futures market only, do not include the trading on the London Metal Exchange or the home-grown grain futures markets.

Altogether the Bank of England estimated in its latest quarterly bulletin that invisible export earnings from commodity trading in the City of London rose to between £200m. and £250m. last year—a valuable source of extra revenue, especially in these financial troubled times for the U.K.

Whether these earnings can be maintained, especially with the newly-introduced curbs on sterling loans for overseas deals, will depend largely on how well the London commodity markets can retain their expertise and reputation as international trading centres.





SOFT COMMODITIES II

The markets and their supplies

COCOA AND COFFEE have been the star performers on the London soft commodity markets, recording spectacular price rises which have astonished even the most experienced dealers. These steep price increases, plus the rise in the cost of metals such as lead and tin, helped to push the Financial Times Commodity Index to a peak in March of over 290 (1952=100). Before the recent upsurge the previous peak was around 240, reached in early 1974 during the commodity "boom" period.

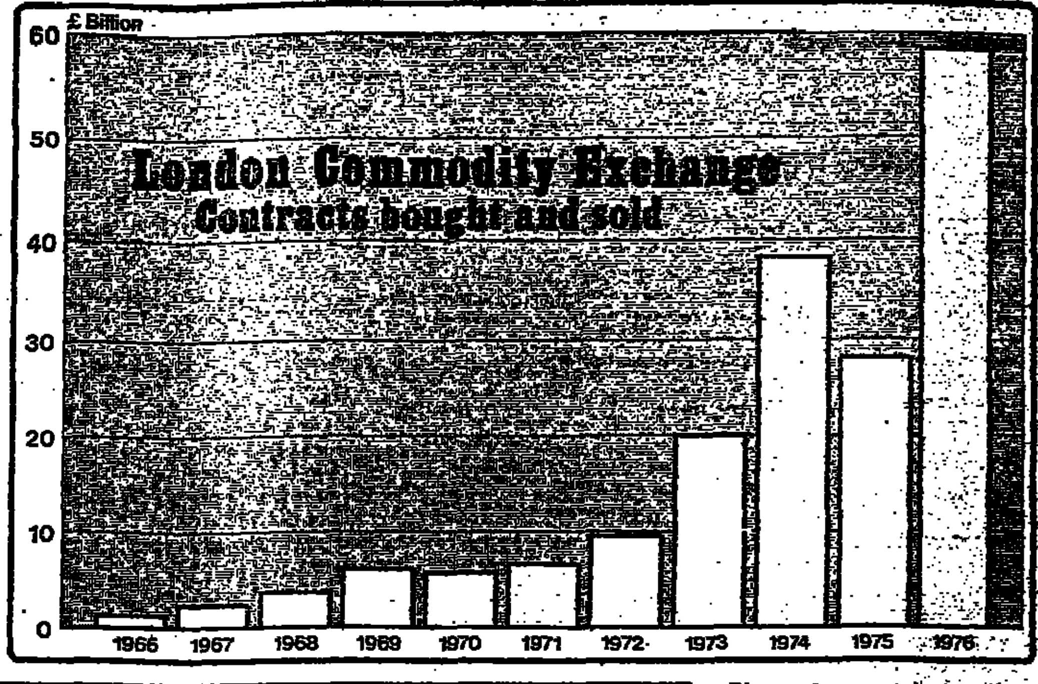
But despite the rise in the index to a new peak, it would not be correct to say that the commodity markets are in a "boom" period. In 1973-74 the fairly short-lived boom in prices was created by a general increase in virtually all commodity prices from previously depressed levels.

Major crop disasters for grains, rice and sugar coupled with the effects of the oil crisis caused a general inflation in costs as well as an acute supply shortage in some cases. As a result a new higher plateau of prices was established, heightened in the case of Britain by the decline in the value of sterling.

The present situation is somewhat different. There has been huge increases in the prices of two major commodities—cocoa and coffee—following supply shortfalls.

But other commodity prices have been subdued, either by increases in production as with wheat, or by demand remaining sluggish following the longer than expected recovery from the deep industrial recession suffered worldwide. Bearing in mind the rate of inflation, and the fall in the value of sterling, many commodity prices are still depressed in real terms.

There is no doubt at all that world sugar values for example, are well below the costs of production in most areas. Even the most efficient producers—Australia and South Africa—would find difficulty in making much profit at the £100 to £130 a tonne range in which world prices have been stuck. But for some producers present values are a disaster.



LONDON COMMODITY EXCHANGE

	1975 Lots bought and Sold	£bn.	1976 Lots bought and Sold	£bn.
Cocoa	1,485.154	8.8	2,343,412	30.9
Coffee	469,172	1.4	1,321,456	10.5
Sugar	1,651,482	17.3	1,715,738	15.1
Rubber	79,604	.4	124,364	.9
Wool	8,194	.02	27,202	.1
Palm Oil	1,354	.01	2,016	.03
Soya Meal	28,198	.2	75,728	1.0
Total	3,723,158	28.1	5,609,916	58.7

Prospects

Although estimates vary widely, it is generally agreed that there has been a considerable surplus of supply over demand in the past two season, and prospects are looking none too bright for the 1977-78 year from the producers' point of view. The soaring prices of 1974, when the London daily price for raw sugar reached a brief peak of over £650 a tonne, had the effect of stimulating production and at the same time cutting back demand considerably. Some of the lost sales may never be won back, and it is likely to take some time for the underlying growth rate to be resumed.

Indeed the high prices and scarcity of supplies opened the door for a powerful competitor to capture a share of the sugar market, especially in the U.S. This is the so-called high fructose corn (maize) based syrups that provide an alternative sweetener at a competitive price. It is estimated they may win as much as 20 per cent. of the U.S. market in the years ahead and are likely to benefit most from the American ban on saccharin.

In Europe competition from these isoglucose syrups is likely to be much less, especially since the powerful EEC sugar beet lobby is pressing hard for measures to discourage its development, possibly with a punitive levy. It is argued that the EEC already has an abundance of sugar beet to export to world markets at subsidised prices, so development of a rival product that would increase the sugar surplus is unwise.

Nevertheless the fact remains there is a known competitor now available that may limit the future growth of sugar sales worldwide. In the short term there are fears that the EEC, which has suffered three moderate crops in a row, may have a much better surplus to sell in 1973-78 given only average weather conditions.

The possibility of crop disasters in important producing areas can never be discounted, and there are signs that the Chinese are becoming much more active buyers. But the main hope for producers at present lies in efforts to negotiate a new International Sugar Agreement that starts in Geneva on April 18. There is some confidence that a pact will be agreed in view of the change in the U.S. attitude under the Carter Administration, and this could lead to greater price stability in the years ahead.

But any control of the world sugar market is difficult to sustain in view of the country-to-country trade pacts and the many areas where it is grown either in cane or beet form. Some idea of the interest in sugar is shown by the fact that turnover on the London market in 1976 still exceeded that of coffee by a marginal amound despite the coffee boom.

In contrast, trading in natural rubber futures has been subdued especially of late, by the lack of any great pressure on supplies in view of the unexpectedly slow world economic recovery. It was generally anticipated that oil cost pressure on synthetic rubber, and the swing towards radial tyres that use a greater proportion of natural rubber, would bring a surge in demand as economic activity picked up. But after a period when prices moved up to reflect declining stocks, and uncertainty about sterling, the market is now gradually slipping downwards as buying interest has failed to keep up with production.

However, the Natural Rubber Producers Association member countries have already agreed in principle to create a buffer stock of surplus supplies if prices fall too low, and Malaysia is likely to take defensive action of this kind to rally the market as it has in the past.

Plans for an international natural rubber agreement, however, still depend on the progress of the UNCTAD integrated commodities programme, with its controversial multi-buffer stock proposal.

Wool is in a situation rather similar to rubber at present. Massive buying by the market support agencies in Australia, New Zealand and South Africa helped growers through the recession at great expense. But the expected upsurge in demand has failed to materialise, and consequently prices have eased from the level reached at the beginning of the wool auctions in the autumn last year—but are above the levels of a year ago. Trading interest in the London futures market remains thin, but volume is showing signs of building up.

Trading interest in the home-grown wheat and barley futures market has been reduced recently by stagnant market conditions following the disappointing U.K. crop last year, hit by the long summer drought. Outside the protected European Community markets wheat and maize (corn) values have been driven down by an abundance of supplies, particularly of wheat. This follows bumper crops, in the U.S., Canada, the Soviet Union and the Indian sub-continent which reduced imported demand considerably. However, China has emerged as a major buyer as a result of drought hitting its wheat crop—which now threatens the more important rice crop.

London prices, however, are firmly in the grip of the EEC common cereals policy and the transition of Britain towards full membership. While world grains are plentiful at present supplies of soyabeans, the major source of protein, have become squeezed by poor crops and strong demand. This has helped volume and interest to build up strongly on the London soyabean meal market

John Edwards

Some easing in cocoa futures

THE PERFORMANCE of the cocoa market over the past year has been largely overshadowed by the startling rise in coffe prices. But the advance in cocoa prices has been hardly less dramatic, and perhaps even more surprising.

At the end of March, 1976, a tonne of cocoa cost around £800. Within a month the £1,000 mark had been breached and a few weeks ago a level of over £2,800 was recorded.

The fundamental factors boosting cocoa prices have been a surprisingly strong recovery in consumption following the decline in 1974 and the very poor outturn from the West African producing areas which are to cocoa what Brazil is to coffee. But most traders feel that these factors hardly justify a price rise on the scale which has been witnessed recently.

In the September market report London merchants Gill and Duffus noted: "The dismal prospects for 1976-77 crops are of course already reflected in current market prices." This view was generally accepted in the cocoa market so the subsequent doubling in price levels must give pause for serious thought.

It certainly prompted some deep thinking on the part of the management committee of the London Cocoa Terminal Market Association which evidently saw the rise as the evidence of "undesirable" speculation in the market. The committee attempted to deal with this situation by resort to a major technical move against the largest speculators.

Early last month it announced that non-members and non-trade members of the Association (broadly speaking, speculators) who held more than 100 lots of cocoa (10 tonnes each) would have to pay a deposit on each lot of £10,000—more than four times the normal rate. But the move met with only limited success. Some long holdings were sold—possibly to finance deposits on remaining contracts—but the speculators' grip on the market was not significantly loosened. The initial reaction to the move was to wipe nearly £700 off prices within a few days, but most of this was quickly recovered.

Succeeding

In recent weeks, however, normal market forces appear to have been succeeding where penal measures have failed. Prices have slipped near to the £2,000 a tonne mark and dealers are now suggesting that a genuine "bear" trend could have been established.

In some market circles a substantial decline in cocoa prices would be seen as a triumph of common sense. Dealers feel that the importance of the shortfall in the world crop, estimated by Gill and Duffus at about 80,000 tonnes, has been over-estimated. They argue that world consumption cannot be maintained at present price levels, noting that, unlike coffee, the sensitivity of cocoa demand to prices has already been demonstrated in recent years.

Gill and Duffus has estimated that cocoa stocks at the end of the 1976-77 season will equal to about three months' supply, "lower than for the previous two seasons but higher than either the 1973-74 or 1972-73 seasons." At the end of 1976 the company warned: "It may be unwise to assume that a further substantial deficit in 1976-77 would necessarily lead to a continuation of the upward price trend that has persisted, almost without a break, for eighteen months now."

The effects of prices on demand only become clear after a time-lag and this consideration is believed by many traders to have allowed prices to rise to a level which the market cannot support. There have already been signals of substantial consumption cuts in the U.S., the U.K. and the USSR, however.

In February, when cocoa futures cost £2,350 in London, Gill and Duffus warned that a major consumption setback was inevitable in 1977. "It now seems reasonable to assume that the market has indeed moved high enough to produce the necessary price rationing effect," the merchants added. Prices rose nearly £500 a tonne shortly after this warning but judging by the market's recent performance the message seems to be getting through at last.

Richard Mooney

Horizon of new exchanges

THE LAUNCHING of a new commodity futures exchange anywhere is a fairly rare event. But for Britain there should be even greater interest than usual in the planned Hong Kong Exchange due to open later this month or early May after an unexpectedly long period of preparation. The consortium launching the Exchange contains several British companies, including Rudolf Wolff, well known London metal and commodity dealers, as well as local businessmen. The Liverpool Cotton Association has been closely involved in drawing up details of the raw cotton contract which will be the first commodity to be traded.

The structure of the Exchange, finally approved by the Hong Kong Government, was masterminded by Mr. John Wilson, formerly of the Bank of England commodities division, and he will be the president of the consortium management committee. Mr. Peter Scales, ex-Wheelock Mardon, will be the chairman, and Mr. F. F. Wolff, deputy chairman. Woo Hon Fai, another member of the consortium, will also be a deputy chairman. A local subsidiary of the London-based International Commodities Clearing House (ICCH), part of the UDT group, has been appointed as managers of the Exchange's clearing house system.

In fact the clearing house facilities to be used by the Hong Kong Exchange will be very similar to those provided by the same company for the London Commodity Exchange. But the financial backing is different. An international consortium has been put together by ICCH to form the Hong Kong Guarantee Corporation which will provide the vitally important financial support for the new market.

It is an impressive list. The equity is shared between Barclays Bank DCO, Charter, Chase Manhattan, Credit Lyonnais, Hongkong and Shanghai, Wing On Bank and ICCH (London) itself. This group of internationally prestigious banks should ensure there are no doubts about the financial credibility of the new exchange, and ICCH's experience in running the clearing house systems for the Sydney as well as London commodity markets means there will be no difficulty in providing the quick clearing facilities so vitally important to the successful operation of the market.

But the success or failure of the whole exchange will depend in the long run on how much support it will receive and whether it plays a useful role or not.

Raw cotton has been chosen as the first commodity to be traded, on which the future of the Exchange will probably be decided, as it is the one most likely to succeed in attracting support. Cotton is one of the more important international commodities being produced in many countries and used virtually everywhere. In recent years cotton consumption has tended to rise most rapidly in Asia and surrounding areas, where there is less competition from synthetic fibres, so Hong Kong is particularly well placed to provide futures hedging facilities.

International cotton traders have claimed for some years now that an international hedging market, to provide protection against price fluctuations, is urgently needed. At present the only cotton futures market is in New York, which tends to reflect domestic rather than international influences. Indeed, at times something which may be "bearish" domestically, like an export ban, would be "bullish" internationally, making any hedging a disaster for traders outside the U.S.

Despite this evident need for an international futures market in cotton, which provided the basis for some of the first futures contract, an attempt to launch one in London a few years ago met with dismal failure because it did not attract enough support—partly because the dollar contract used initially precluded participation by U.K. speculators.

Greater

In Hong Kong the cotton contract is to be in U.S. dollars—the international currency used by traders—but there are no special exchange control restrictions to limit market trading and interest in cotton as a commodity is likely to be much greater. Aware of the Chinese reputation for gambling, the Hong Kong Government have imposed strict—some would say onerous—curbs on the new exchange to avoid it turning into a speculative bucket shop. But there will be ample scope for attracting the kind of outside support that is essential to ensure adequate liquidity for trade participation, especially in the early stages when the trade tends to adopt a cautious wait-and-see attitude.

With every new commodity market there is a large element of luck in the beginning, particularly when sufficient turnover must be generated in order to attract trade support. Much depends on the state of the market; if it is depressed there is little interest or incentive to seek protection against price rises. However, since the U.S. lost control of world cotton prices a few years ago as a result of its surplus stockpile being used up, the New York futures market has sprung back to life and there have been considerable fluctuations in unsettled conditions.

So interest in the Hong Kong market is likely to build up since the exchange structure has been carefully worked out to provide the right facilities and contract specifications.

Hong Kong has already received Government permission to launch a sugar market as well, and this will be considered once the success or otherwise of the cotton contract has been assessed. A feasibility study is already under way. After that, Hong Kong could well expand into other areas—notably metals — once established as a commodity trading centre for the Far East.

Meanwhile the growing interest in commodity trading is encouraging plans for new futures markets all over the world. Malaysia is very keen to have its own futures markets for the raw materials where it is the main world producer — palm oil, rubber and tin. There are reports too of the Philippines and Brazil being anxious to have domestic hedging facilities.

Although the Pacific Commodities Exchange in the U.S. was forced to suspend operations by the Commodities Futures Trading Commission, business on the Chicago centres have reached record levels with the introduction of a range of finance-based contracts, such as interest rate futures and currencies. In New York there are plans to start a new zinc futures market on Comex in view of the greater U.S. dependence on imports of this metal.

In the near future a big new commodity trading complex will be created in New York when all the existing markets, with the exception of cocoa, move together into the World Trade Center building. These will continue operating individually to begin with, but inevitably the pooling of resources and the larger scale of operations should generate more expansion in the future. A development this year either in Chicago or New York could be the launching on a commodity options trading market, similar to the successful *Chicago market for share* options. This would undoubtedly help regularise option trading generally.

Relaunched

Meanwhile, in Europe the Paris commodity markets have been reorganised financially after the crisis that disrupted white sugar futures and reduced interest in the cocoa and coffee contracts there. The Paris soyabeanmeal futures market has been relaunched, encouraged by the success of the London soyabeanmeal market that is now attracting wide trade support after a quiet opening.

Additional interest in the soyabean complex should be created by the relaunching of the soyabean oil market on May 2 next, which it is hoped will stimulate more support as well for the palm oil futures market introduced last year that has failed so far to attract sufficient turnover. The sharp rise in tea prices may also renew pressure for a tea futures market, although sharp divisions remain in the trade whether this is desirable and if a workable contract could be devised.

John Edwards

Coffee at what price?

A YEAR ago coffee prices had just passed £1,000 a tonne for the first time ever. Traders generally commented at the time that the fundamental situation looked set to remain basically "bullish" for some time to come, but one of them put it more succinctly: "You ain't seen nothing yet." A few weeks ago coffee futures reached £4,200 a tonne—but the trader in question despite his obvious prophetic gift, was reluctant to stick his neck out again. "Your guess is as good as mine," he replied when asked which way prices would move next.

In the event prices have slipped below the £4,000 mark but no trader would have the temerity to predict any major decline yet. If this is to happen it will probably begin in late July or early August, immediately after the Brazilian frost risk season. But with prices now at unprecedented levels there can be no guarantee that they will hold up until then. Of course, if the Brazilian crop does suffer significant frost damage this year the *chances* of a substantial decline in prices during the year will be greatly reduced.

The whole sorry tale begins with a Brazilian frost, probably the worst ever, in July 1975. As most readers will by now be aware this reduced the 1976/77 crop to a mere shadow of its former self. The 1975/76 crop was by then safe at about 20m. bags (60 kilos each), and Brazil's growers hoped to produce 27.5m. bags in the 1976/77 season. Arguments still abound as to the actual outturn in 1976/77, with the Brazilian Coffee Institute (IBC) quoting a figure of 6m. bags and the U.S. Department of Agriculture sticking doggedly to its own 9.5m. bags estimate. But most London traders appear to favour the lower estimate.

Background

The real scale of the disaster must be judged against the background of Brazil's former dominance of the world coffee market. The 20m. bags produced in 1975/76 was regarded as a poor performance, but it still represented over 25 per cent. of the total world crop. In good years the figure has exceeded 30 per cent.

Such a development alone would have been enough to keep the world coffee market in a state of turmoil for some time, but it was to prove merely the first (though by far the greatest) in a whole catalogue of misfortunes.

In the second half of 1976 the Colombian crop—at 8-10m. bags normally the world's second largest—was hit in quick succession by drought and floods, trimming the total by some 2m. bags. Guatemalan supplies were seriously affected by the earthquake there; and early this year the sad band of natural disasters was completed by a volcanic eruption on the Zaire/Rwanda border (Zaire produces around 1m. bags of coffee a year).

Human agency also took a hand in reducing world supplies with a labour shortage because of civil war cutting Angola's production dramatically and organisational difficulties affecting Ugandan output.

As a result, if the IBC's estimate of the Brazilian crop is accepted, world production for 1976/77 has been cut to around 58m. bags, giving an export availability of not much more than 40m. bags.

Normal world export consumption of coffee is about 55m. bags, so a near to 15m. bags shortfall has had to be made up out of stocks (mostly held in Brazil). But these stocks are now running perilously low and it will be several years before Brazilian output has recovered fully, even if no further disasters occur. A Brazilian crop total of 15m. bags is forecast for 1977/78, rising to 20m. bags in 1978/79 and to a more normal 24m. bags plus in 1979/80.

The other side of the equation, however, is consumption, and here the calculations get really difficult. The whole point of soaring prices during a *period of shortage*, according to the economists, is to persuade consumers to reduce their demand to match supply. But there has been little evidence that this has happened recently in coffee. Rising prices and saturation coverage in the media seem actually to have persuaded many housewives to buy more coffee in anticipation of further increases. Of course much of this extra buying has represented larder stocking and cannot be expected to continue. But some observers believe that real consumption has also been boosted, presumably on the principle that it is difficult to be stingy with coffee when your larder is over-flowing with it.

The position is also complicated by the time-lag between the purchase of raw coffee and the sale of the finished product to the consumer. In the case of instant coffee this can be six months or more, so much of the coffee on Britain's supermarket shelves at the moment may have been imported at early-October prices—or at about half present levels.

It takes three lbs of coffee beans to produce one pound of instant coffee. This means that the raw coffee price element of a half-pound jar of instant (based on £4,000 a tonne) would be £2.72, to which other costs and margins add an estimated 25 per cent. So the trade buyer (as against the speculator) must ask himself whether he expects the housewife to be prepared to pay £3.40 for half a pound of instant coffee when he is offered beans at £4,000 a tonne. The knowledge that she is evidently prepared to pay £2 is no great consolation.

Though no clear signs of significant consumer resistance have yet emerged in the U.K. market, recent swingeing wholesale price increases by General Foods and Folger Coffee (the world's biggest roasters) have created a mood of distinct hesitancy in the U.S. retail trade. This may evaporate if consumption stands up to the higher prices, but the seeds of doubt have been sown. The American market is chiefly for fresh ground coffee, so the time-lag is not as long as in this country. But the U.S. demand level is the most important single factor in the consumption side of the equation and this development is thought to have been mainly responsible for the recent decline in the world coffee market.

Worse

Public outcry against the astronomical rise in coffee prices has forced consumer country governments at least to make a show of action. But this action, taking the form of two U.S. Congressional inquiries, a U.K. Price Commission study and the setting up of a "crisis" working group by the International Coffee Organisation, seems to have made matters worse: rather than better. Continual re-examination of the situation has merely increased panic-buying by the public without coming to any helpful conclusion.

Attempts to persuade U.S. consumers to act on their own behalf against the rising price trend also appear to have fizzled out. A consumer coffee boycott campaign in New York State gained wide publicity early this year and was quickly taken up on a national basis. But despite support from some supermarket chains which actively promoted tea, cocoa and soft drinks as substitutes, the movement does not appear to have caught the imagination of the average American housewife.

The bald facts of the matter are that coffee prices must rise until consumption is cut substantially and that a consumption cut can only be brought about by natural market sources. Which is precisely what most commodity traders have been saying all along.

Richard Mooney

PARLIAMENT

Steel agrees to delay petrol tax assault

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DAVID STEEL, the Liberal leader, announced in the Commons last night that his party would not be voting against the 5½p increase in petrol duty at the end of the Budget debate but would still attempt to defeat the proposal during the committee stage of the Finance Bill.

The Liberal climb-down brought derisive cheers from Tory backbenchers who were angry as they saw the chances of a Government defeat receding. According to them, the lesson to be learned from the episode was: "Never trust the Liberals."

Unperturbed by the row, Mr. Steel explained that he had advised his 12 Parliamentary colleagues to abstain on the vote. He said that the main reason for the decision was the great administrative upheaval that would have been caused if all the extra duty collected since the Budget now had to be handed back to the motorist who had paid it.

Opening the final stages of the four-day debate for the Conservatives, Mr. David Howell accused the Liberals of "giving oxygen" to the Labour Government and of covering up their own self-interested motives with ambiguous and high-minded phrases.

"I tell the Leader of the Liberal Party that there will be no end to socialism until there is an end of this Socialist Government," he declared.

Later in his speech Mr. Howell outlined the alternative strategy which a Conservative administration would adopt on the wages front during a situation like the present one.

He evisaged a system under which the monetary authority would lay down guidelines on the size of the money supply in any given year. Within those limits, discussions would then take place in the NEDC to decide the wage packet for that period. The discussions would be attended by the interested parties, including the monetary authority.

For the Government, Mr. Harold Lever, Chancellor of the Duchy of Lancaster, was greeted with bursts of sceptical laughter from the Conservatives when he promised that Mr. Joel Barnett, Chief Secretary to the Treasury, and Mr. William Rodgers, Transport Secretary, would be prepared to hold the fullest discussions with MPs about the petrol increase.

He conceded that this was necessary to meet the very real troubles and grievances which existed on the subject.

Real terms

Mr. Lever had to defend the petrol duty increase against a constant barrage of interruptions from the Conservatives. Sir Keith Joseph, Tory spokesman on industry, accused him of failing to give way to his critics because he knew that the 5½p rise was indefensible.

Mr. Lever argued, however, that the increase would only maintain the real value of petrol tax which had been eroded by inflation. The £10 increase in the annual car tax would go even less than that.

"We cannot afford, in our energy situation, deliberately to make fuel for vehicles cheaper in real terms," he said.

Eventually, Mr. Lever managed to give his pursuers the slip by entering into a lengthy attack on the views of the extreme monetarists, arguing that monetary policy taken in isolation could never provide the single solution to Britain's economic ills.

After the speeches of Mr. Howell and Mr. Lever, MPs waited expectantly for Mr. Steel to disclose the line which the Liberals would take in the vote.

The Liberal leader told them that there was now a major crisis in the cost of living which Mr. Healey had ignored when he put up petrol duty. The Liberal Party, however, had to face up to the question of what was the best way of opposing it.

"One has to be fairly determined. We also have to be responsible. We don't want to create administrative chaos in the attempt to pay back revenue collected since Budget day."

In the light of this, he was recommending that his party abstain in the vote but that in the committee on the Finance Bill later "we will move an amendment which will kill this tax."

In addition, he asked for three assurances from the Government.

1—That the petrol duty increase should be in that part of the Budget which was taken on the floor of the House during committee stage;

2—The increase should be presented separately to the duty on oil for heavy lorries so that an individual vote could be taken on the fact as it affected motorists.

3—If the increase was defeated in committee, the Government should accept this verdict as final and should not try to reverse it later.

Emphasising the Liberal opposition to the increase, he said there had been many rises in duty since 1973. Last year, the Chancellor had said that the Government was exploring a number of ways in which help might be given to those who relied on the use of cars in rural areas. But no such measures have been announced by the Government.

The present increase was made worse by the fact that it came at the same time that the Government was putting a further £10 on vehicle excise duty.

"This is a discriminatory tax," he maintained. "It discriminates against those for whom the private car is a necessity of life and not a luxury."

Every time there was an increase in the price of petrol, there was a tiny drop in demand but then demand "roared away again." He saw no evidence that a rise in duty helped to cut down the use of petrol and thus helped reduce Britain's import bill.

As an alternative, he suggested that the Chancellor should look again at the possibility of imposing a higher rate of excise duty on the larger engined cars.

The Chancellor, he said, had examined this possibility some years ago but dismissed it on the grounds that the British motor industry was not geared to concentrating its production on small cars. Since then, however, the position had changed, said Mr. Steel.

Broadcasts may start in autumn

THE GOVERNMENT hopes that sound broadcasts of Parliament will begin in the autumn, Mr. William Price, Parliamentary Secretary at the Privy Council Office, told the Commons yesterday.

Mr. Price said that a report on permanent sound broadcasting would be published shortly. If the proposals, by a joint committee of MPs and members of the House of Lords, were approved, broadcasting could begin as soon as the necessary arrangements had been made.

"Hopefully, we shall begin broadcasting by the autumn," he said.

Mr. Hugh Dykes (C. Harrow E) said there was "a grave dilemma" about finance and maintained that the broadcasting authorities should bear the whole cost.

Mr. Price replied that the Press and broadcasters already at Westminster had never been asked to pay for accommodation, heat or lighting, and there was no case for doing so on this occasion. But the BBC and IBA would have to pay other costs themselves.

He hoped a solution had been found which would be acceptable both to the Commons and to the broadcasters.

Talks on shoes

INFORMAL DISCUSSIONS are to take place with the Polish authorities in the next few days over alleged dumping of mens' pigskin suede shoes in Britain, Mr. Michael Meacher, Under-Secretary for Trade, said in the Commons yesterday.

Tory scorn for script with only one ending

By Philip Rawstorne

MR. DAVID STEEL daily came to the rescue of the Government last night, arriving in the last reel of the Budget serial to frustrate the Conservative vote.

The occasion was marked by more sarcasm than suspense. Political survival for the Liberals, just as much as the Government, ensured that the script could only have one ending, said Mr. David Howell, the Tory critic.

He could not understand why the Liberal leader had gone through such apparent perils of conscience to deliver the lifesaving abstentions.

Spare us any more of these fictional dangers, Mr. Howell pleaded. Everyone knew that the Liberals must cling to life as well as to their shadow portfolios.

Even the voters were now aware that every episode would conclude with the party discovering that it would "rather be red than dead."

Still the pretence went on. Mr. Harold Lever, leading the lightfooted chase through the Budget measures, paused to let the Liberals come within call of help.

The Government understood their concern about the cost of transport in the rural areas, he said. And against the background of some out-of-tune mood music from the Tory benches, he promised that Mr. Joel Barnett, Chief Secretary, and Mr. William Rodgers, Transport Secretary, would listen sympathetically to the grievances about the petrol tax.

Mr. Steel responded responsibly. To turn on the Government now would cause administrative chaos, he said. The Chancellor should be given a chance to consult not only the Liberals but his own backbenchers about a substitute for the tax.

But he warned, amid Conservative jeers, that the Liberals would make their stand on the Finance Bill. The tax or the Government would have to be killed. Mr. Denis Healey and other City folk on the Government front bench would have to recognise the hardships they were causing in the country.

The Chancellor smiled contentedly. The Tories laughed, and Mr. Steel sat down well satisfied, he said, with the joy the Liberals were bringing to politics.

Morris pressed on future of indexation

BY IVOR OWEN, PARLIAMENTARY STAFF

INDEXATION HAS resulted in public service pensioners receiving a cumulative increase of 67.2 per cent. since March, 1974, Mr. Charles Morris, Minister of State for the Civil Service, told the Commons yesterday.

He again reminded Opposition critics that the principle of indexation was established by the Pensions Increase Act introduced by the Heath Government in 1971, and warned of the pitfalls that could be associated with switching the up-ratings to a different basis.

Mr. Morris pointed out that if indexation had been tied to the earnings index, the cumulative increase would have been 70.2 per cent., or 86.4 per cent. if linked with the wages index.

Mr. Robert Adley (C., Christchurch and Lymington) failed to elicit a direct reply when he questioned the Minister about rumours that the indexation scheme was to be "amended or scrapped."

In the event of such a development, said Mr. Adley, the sufferers would be "carrying the can for the social contract, which has been responsible for unemployment and inflation."

Mr. Morris replied: "The question of the indexation of Civil Service pensions arises from the 1971 Pensions Increase Act, which was placed on the Statute Book by a Conservative Government."

Mr. Ian Wrigglesworth (Lab., Thornaby), secretary of the Manifesto Group, urged the Minister to refute a report that the indexation scheme was going to be scrapped. There would be "vociferous opposition" from the Labour benches against any such move, he stressed.

Mr. Wrigglesworth emphasised that public service pensioners—including policemen, teachers, firemen and other public servants, as well as civil servants—had a statutory right to indexation, and any change would require amending legislation.

While agreeing that civil servants had a statutory right to indexation, Mr. Morris also acknowledged that appreciable public expenditure was involved. The annual increase in 1976 had cost £31m., in 1975, £41m., and in 1974, £21m.

Sir John Hall (C., Wycombe) maintained that when indexation was introduced, no one had contemplated such a high rate of inflation. It would be much fairer, he suggested, if pension increases were linked to the rise in average earnings or the cost of living, whichever was the lower.

Mr. Morris assured him that Civil Service pension increases were constantly under review and scrutiny by the Government. Invariably, the outcome of such reviews was announced in July of each year.

Farm prices row effect on JET talks denied

BY IVOR OWEN

ANGER AMONG other EEC members over Britain's refusal to accept the Community farm price package was not responsible for the failure to reach a decision in Brussels last week in favour of siting the JET thermo-nuclear project at Culham, near Oxford, Mr. Alex Eadie, Under Secretary for Energy, maintained in the Commons yesterday.

Mr. William Hamilton (Lab., Central Fife), protested that it was "highly regrettable" that the dispute over agricultural prices should have impinged on the JET project. Mr. Eadie replied: "we were assured that it had no bearing on it."

The Minister explained that it was difficulties over another issue which most member States had thought was already decided—the organisation structure to be associated with JET—which had prevented a final decision on the location being reached.

"It was agreed that the choice now lay between Culham and Garching but the view was held that the choice of site could not be made until the basis of the organisational structure had been decided.

"The organisational proposals put forward by the Commission and Council Secretariat, which we supported, proved to be unacceptable to some member States."

Mrs. Castle retiring at next election

BY RICHARD EVANS, LOBBY EDITOR

MRS. BARBARA CASTLE, one of the major figures of the Labour Left in recent years, is to retire as MP for Blackburn at the next general election.

Mrs. Castle, aged 66, was first elected for a Blackburn seat in 1945 and soon made her mark in Left-wing politics, joining the Labour Party's national executive committee in 1950. She was party chairman in 1958-59.

Her first major Government posts were as Minister of Overseas Development in 1964-65 and then as Minister of Transport from 1965-68 when she introduced the breathalyser test.

The turning point in her career came in 1969 when her proposals for anti-strike legislation contained in the White Paper "In place of strife" brought her into confrontation with the trade unions. Pressure from the unions and the Labour movement was so intense that the planned legislation had to be abandoned and Mrs. Castle never really recovered her authority in the party.

She returned to the Wilson administration after the February, 1974, general election as Secretary for Social Services, but was dropped from the Government by Mr. Callaghan when he became Prime Minister.

She still retains her seat on the NEC, Labour's policy-making body, where she is one of the most vocal Leftwing critics of the Government's economic policy. At the last general election, she won Blackburn with a majority of 7,600.

Mrs. Castel told her constituency party last night that Blackburn was firmly Labour and it was vital to keep it that way in the years ahead. "That is why I decided at the last election not to run again, unless the Government were forced into a snap election. I believe that is not going to happen . . . so this is obviously the moment to choose a younger candidate who can get down to the job of holding this seat for Labour for another 32 years."

Vauxhall demand ruled out

By Rupert Cornwell, Lobby Staff

THE LOCAL management committee in the Labour seat of Vauxhall has been forbidden by the party's National Executive from demanding that any future Labour MP there should submit for early re-selection as candidate for the constituency.

The ruling, which could become a landmark in the battle against extreme Left-wing activists in local party organisations, was made yesterday by the NEC's Organisation Committee after protests from several nominees, including Mr. Tom McNally, political adviser to the Prime Minister.

Vauxhall, a virtually impregnable Labour stronghold, has been held since its creation in the 1950 boundary redistribution by Mr. George Strauss, the Father of the House of Commons, who has announced that he will step down at the next general election.

Shortly after nominations for prospective candidates closed on March 6, the Vauxhall executive committee wrote to inform them that it would require a signed undertaking that they would "voluntarily offer themselves for re-selection in competition with other party members at the end of the third session of Parliament, or earlier if desired."

This step was challenged in vain by the party's assistant regional organiser on the grounds that it was against Labour's constitution. He has now been supported by the NEC's organisation sub-committee whose verdict will almost certainly be ratified at the full April 27 meeting of the policy-making National Executive.

Noisy Labour reception for Stechford MP

A NAZI SALUTE from Mr. Sidney Bidwell (Lab., Southall) and Labour shouts of "Leper," "Racialist" and "National Front" greeted Mr. Andrew Mackay, Tory victor in the Stechford by-election, when he took his seat in the Commons yesterday.

Tory MPs cheered and waved their Order Papers and there were answering shouts from the Opposition benches when Mr. Andrew Faulds (Lab., Warley E.) declared: "Enoch has an ally."

Mr. Faulds replied: "I'll take on any of you crowd over there any time."

Mr. Mackay ignored the Labour jeers as he signed himself into the House and stood grinning at Tory colleagues before shaking hands with the Speaker to renewed Conservative cheers.

Brewing prices inquiry unfair, says Tory MP

BY IVOR OWEN

THE GOVERNMENT was accused of acting unfairly in singling out the brewing industry for a special investigation by the Price Commission by Sir John Hall (C., Wycombe) in the Commons yesterday.

Over recent years, he complained, the brewing industry had been earning less on return on capital than the cost of new money.

Mr. Bob Cryer, Under-Secretary for Industry, told Sir John that the inquiry would be widely welcomed by the many people who had a direct interest in drinking beer. Any complaint about the singling out of the brewing industry should be taken up direct with Mr. Roy Hattersley, Prices Secretary.

Mr. Cryer stated that for large listed companies, operating mainly in the U.K. in manufacturing industries, the rate of return on capital employed, measured at replacement costs, was 7 per cent. in 1973, 3.5 per cent. in 1974 and—provisionally—3 per cent. in 1975.

Corresponding figures were not available for companies in the leisure and brewing industries.

Mentmore talks extension agreed

MR. PETER SHORE, Environment Secretary yesterday agreed to further talks on Mentmore Towers, following extension of the deadline for the nation to acquire the building and its collection.

Mr. Shore was told in the Commons by Mr. Patrick Cormack (C., Staffordshire, SW) that Lord Rosebery was willing to extend the April 5 deadline until later this week. Lord Rosebery was also willing to receive a major part of the sum for Mentmore over a period of years.

Mr. Shore replied: "I would be willing to have talks with you and others to see what can be done."

Mr. Norman St. John-Stevas, Opposition arts spokesman warned that if the house and the contents were dispersed, the Government would be losing the bargain of the century on behalf of the nation.

Mr. Jeremy Thorpe (L., North Devon) also argued that the house should be acquired. "The Government should be more open-minded" he said.

Mr. Shore agreed that it would be desirable to bring it "into the public domain" if satisfactory terms could be obtained.

Foreign currency bonds offer

MR. DENIS HEALEY, the Chancellor of the Exchequer, was asked in the Commons yesterday about the issue of foreign currency bonds in substitution for official holdings of sterling.

In his reply, the Chancellor said: Following earlier discussions with the main official holders of sterling, the Bank of England, acting on behalf of the Treasury, has to-day advised official holders of sterling of the detailed terms of the offer of foreign currency bonds. The date of subscription will be ten calendar days later, April 14.

"The issue will be in the form of bearer bonds, to be denominated in four separate currencies: U.S. dollars, Deutschemarks, Swiss francs and Japanese yen. The dollar bonds will be issued with three different maturities, of 5, 7 and 10 years, and the issues in other currencies will be for a single maturity of 7 years. Subscribers are expected to subscribe to the bonds solely from their existing holdings of sterling and will be expected normally to retain the bonds to redemption.

"The bonds will, however, be negotiable, and a number of leading banks and securities houses have agreed to assist holders to sell their bonds should they need to do so. While the initial offer is limited exclusively to official holders of sterling, there is no bar on subsequent disposal of bonds to others, including private buyers. The Government has no obligation to buy any bonds before maturity.

"Subscriptions will be payable in sterling on April 14 at the Bank of England. Because the bonds are denominated in foreign currency, it has been necessary to specify an exchange conversion formula. The sterling price of the bonds of each denomination has been based on the average of the spot rates for each currency in London at noon on the 10 business days preceding April 4 or, where it was more favourable to subscribers, the appropriate rate for such currency in London on April 1.

"Unlike the foreign currency borrowing undertaken by the Government and public sector bodies hitherto, this operation is not intended to raise foreign currency in the markets for balance of payments purposes but to fund part of the existing liabilities to official holders of sterling and, simultaneously, to convert these into a foreign currency basis. It will not therefore increase the total of our external debt.

"In order to encourage official holders to accept the change in the currency composition and maturity structure of their holdings that holdings of these bonds will involve, the terms, while based on such market analogues as there are, also incorporate deliberate adjustments to reflect that the bonds are not on all fours with normal market issues or placements.

"The terms offered, at par in all cases, are as follows: five-year dollar bonds 8¼ per cent.; seven-year dollar bonds 8¾ per cent.; 10-year dollar bonds 8¾ per cent.; seven-year deutschemark bonds 7⅛ per cent.; seven-year Swiss franc bonds 5⅛ per cent.; seven-year Japanese yen bonds 8 per cent.

"Information on the amounts subscribed for each of these bonds will be made available after subscription day, April 14."

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on April 4, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the counties listed is officially controlled and the rates shown should not be ta kenasgbineetao rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place	Local Unit	Value of £ Sterling
Afars & Issas	Djibouti Franc	280(sg)
Afghanistan	Afghani	86 (A)
Albania	Lek	(O)10.10(A) (n/a)
Algeria	Dinar	7.08
Andorra	French Franc / Spanish peseta	8.55 / 118.475
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean	4.6433
Argentina	Ar. Peso Free Rate	580.50
Australia (S)	Australian $	1.5566
Austria	Schilling	29.15
Azores	Portug. Escudo	n.a.
Bahamas(S)	Ba. Dollar	1.7197½
Bangladesh(S)	Taka	28.50(sg)
Bahrain (S)	Dina	0.680
Balearic Is.	Spa. Peseta	118.475
Barbados(S)	Barbados $	3.4395
Belgium	B. Franc	(cm)62.97½ (fm)65.00
Belize	B $	3.4395
Benin	C.F.A. Franc	427½
Bermuda(S)	Bda.$	1.7197½
Bhutan	Indian Rupee	15.15(sg)
Bolivia	Bolivian Peso	34.395
Botswana (S)	Pula	1.4967
Brazil	Cruzeiro	22.82
Br.Virgin Is(S)	U.S.$	1.7197½
Brunei(S)	Brunei $	4.22955
Bulgaria	Lev	1.6356
Burma	Kyar	11.40
Burundi	Burundi Franc	154.656
Camero'n Rp	C.F.A. Franc	427½
Canada	Canadian $	1.8185
Canary Is.	Spanish Peseta	118.475
Cape Verde I.	Cape V Escudo	n.a.
Cayman Is.(S)	Cay. I. $	1.4331
Cent. Af. Rp.	C.F.A. Franc	427½
Chad	C.F.A. Franc	427½
Chile	C. Peso	(Bk) 30.56
China	Renminbi Yuan	3.2584
Colombia	C. Peso	(F) 65.08
Comoros I'ds.	C.F.A. Franc	427½
Congo (B'lle)	C.F.A. Franc	427½
Costa Rica	Colon	14.7888
Cuba	Cuban Peso	1.4255
Cyprus (S)	Cyprus £	0.7112
Czechoslovak	Koruna	(com)9.70 (n/c)18.70 (T)18.56
Denmark	Danish Krone	10.34¾
Dominica(S)	E. Caribbean $	4.6433
Domin. Rep.	Dominican Peso	1.7197½
Ecuador	Sucre	(O)42.75 (F)48.24
Egypt	Egyptian £	0.6842 (T)1.21
Ethiopia	Ethiopian Birr	(P) 3.554
Eq'l Guinea	Peseta	118.475
Falkland Is. (S)	Falkland Is. £	1.0
Faro Is	Danish Krone	10.34¾
Fiji Is. (S)	Fiji $	1.5951
Finland	Markka	n.a.
France	French Franc	8.55
Fr.C'tyin Af◆	C.F.A. Franc	427½
Fr. Guiana	Local Franc	8.55
Fr. Pac. Is.	C.F.P. Franc	155.45
Gabon	C.F.A. Franc	427½
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	4.11¼

Place	Local Unit	Value of £ Sterling
Germany West	Deutschemark	4.11½
Ghana (S)	Cedi	1.9800
Gibraltar (K)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.5566
Greece	Drachma	64.0035
Greenland	Danish Kroner	10.34½
Grenada (S)	E. Caribbean $	4.6433
Guadaloupe	Local Franc	8.55
Guam	U.S. $	1.7197½
Guatemala	Quetzal	1.7197½
Guinea Rep.	Sily	38.0755
Guinea Bissau		n.a.
Guyana (S)	Guyanese $	4.3864
Haiti	Gourde	8.5987
Honduras Rep	Lempira	3.45
Hong Kong(S)	H.K. $	7.9725
Hungary	Forint	(com) 70.66 (nc)(T)35.44
Iceland (S)	I. Krona	328.48
India (S)	Ind. Rupee	15.150(sg)
Indonesia	Rupiah	713.698
Iran	Rial	(A) 122
Iraq	Iraq Dinar	0.5072
Irish Rep K	Irish £	1.00
Israel	Israel £	15.9764
Italy	Lira	1,526
Ivory Coast	C.F.A. Franc	427½
Jamaica (S)	Jamaica Dollar	1.5654
Japan	Yen	475
Jordan (S)	Jordan Dinar	0.548(sg)
Kampuchea	Riel	2065.7
Kenya (S)	Kenya Shilling	14.52
Korea (Nth)	Won	n.a. (g)
Korea (Sth)	Won	832.36
Kuwait (S)	Kuwait Dinar	0.495
Laos	Kip Pot Pol	345.74
Lebanon	Lebanese £	522.57
Lesotho	S. African Rand	1.4957
Liberia	Liberian $	1.7197½
Libya	Libyan Dinar	(P)0.5091
Liecht'nstn	Swiss Franc	4.37½
Luxembourg	Lux Franc	62.97½
Macao	Pataca	8.6528
Madeira	Portug'se Escudo	n.a.
Malagasy Rp.	MG Franc	427½
Malawi (S)	Kwacha	1.5625
Malaysia (S)	Ringgit	4.2855
Maldive Is.(S)	Mal Rupee	12.5187
Mali Rp.	Mali Franc	855
Malta (S)	Maltese £	0.7355
Martinique	Local Franc	8.55
Mauritania	Ouguiya♣	85.4286
Mauritius (S)	M. Rupee	11.4427
Mexico	Mexican Peso	38.66
Miquelon	C.F.A. Franc	427½
Monaco	French Franc	8.55
Mongolia	Tugrik	(O)n.a.(g)
Montserrat	E. Caribbean	4.6433
Morocco	Dirham	7.55(sg)
Mozambique	Moz. Escudo	67.085
Nauru Is.	Aust. Dollar	1.5566
Nepal	Nepalese Rupee	21.5399
Netherlands	Guilder	4.28½
Neth. Ant'les	Antillian Guild	3.0784
New Hebrides	Franc / Austl. Dollar	158.1818 / 1.5566
N. Zealand (S)	N.Z. Dollar	1.7881
Nicaragua	Cordoba	12.08
Niger Rp.	C.F.A. Franc	427½
Nigeria (S)	Naira	1.1971(sg)
Norway	Nrwg. Krone	9.18
Oman Sultanate of (S)	Rial Omani	0.595
Pakistan	Pkst. Rupee	16.70(sg)
Panama	Balboa	1.7197½
Papua N.G.(S)	Kina	1.3732

Place	Local Unit	Value of £ Sterling
Paraguay	Guarani	214.65
P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A)0.5905
Peru	Sol	exc A 129.0
Philippines	Ph. Peso	12.7674
Pitcairn Is(S)	£ sterling / New Zealand $	— / 1.7881
Poland	Zloty	(Cm)52.5 (T)59
Portugal	Ptge Escudo	66.625
Port Timor	Timor Escudo	n.a.
Principe Isle		n.a.
Puerto Rico	U.S. $	1.7197½
Qatar(S)	Qatar Ryal	6.78
Reunion, Ile de la	French Franc	8.55
Rhodesia	Rhodesian $	1.0611
Romania	Leu	(cm)8.48 (n/c) T 20.5
Rwanda	Rwanda Franc	159.42
St. Christopher (S)	E. Caribbean $	4.6433
St. Helena	St. Helena £	1.0
St. Lucia (S)	E. Caribbean $	4.6433
St. Pierre	C.F.A. Franc	427½
St. Vincent(S)	E. Caribbean $	4.6433
Salvador El	Colon	4.30
Samoa (Am)	U.S. $	1.7197½
San Marino	Italian Lire	1.526
Sao Tome	Ptge. Escudo	n.a.
Saudi Arabia	Ryal	6.07
Senegal	C.F.A. Franc	427½
Seychelles	S. Rupee	13.35
Sierra Le'ne (S)	Leone	2.0
Singapore (S)	Singapore $	4.2345
Solomon Is(S)	Australian $	1.5566
Somali Rep.	Som Shilling	A10.8258
Sth. Africa(S)	Rand	1.4957
S.W. Africa Territories(S)	S. A. Rand	1.4967
Spain	Peseta	(h)118.475
Span. Ports in North Africa	Peseta	118.475
Sri Lanka (S)	S. L. Rupee	12.48(sg◆◆)
Sudan Rp.	Sudan £	A0.5988(sg)
Surinam	S. Guilder	3.0784
Swaziland (S)	Lilangeni	1.4957
Sweden	S. Krona	7.53
Switzerland	Swiss Franc	4.37½
Syria	Syria £	A6.3201
Taiwan	New Taiwan $	(P)60.191
Tanzania (S)	Tan. Shilling	14.326
Thailand	Baht	35.01
Togo Rp.	C.F.A. Franc	427½
Tonga Is. (S)	Pa'anga	1.5855
Trinidad (S)	Trin. & Tobago	4.1274
Tunisia	Tunisian Dinar	0.755(sg)
Turkey	Turkish Lira	30.0(bg)
Turks & C'a.	U.S. $	1.7197½
Tuvalu	Australian $	1.5566
Uganda (S)	Ug. Shilling	14.52
Utd. States	U.S. Dollar	1.7197½
Uruguay	Uruguay Peso	(cm)7.37 (fn) 7.41
Utd. A'b Emis	U.A.E. Dirham	6.70
U.S.S.R.	Rouble	1.7
Upper Volta	C.F.A. Franc	427½
Vatican	Italian Lira	1.526
Venezuela	Bolivar	7.37(z)
Vietnam(Nth)	Dong	(O)0.4585 (T) n.a. g
Vietnam (Sth)	Piastre	5.1815
Virgin Is.U.S.	U.S. Dollar	1.7197½
Western Samoa (S)	Samoan Tala	1.0282
Yemen	Ryal	7.42(rg)
Yugoslavia	New Y Dinar	31.5132
Zaire Rp	Zaire	1.48294
Zambia	Kwacha	1.56

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
◆◆ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 cents per cent.
♣ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.
(x) General rates oil, and iron exports 72.2365.
(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 3.225 Russian roubles, the North Vietnamese dong at 0.396 roubles and the North Korean won at 0.7493 roubles. With the pound standing at 1.25 roubles the following relationship could be calculated for the pound: £=5.64 tugriks; £=4.15 dongs; £=1.695 won.
* Rate is the Transfer market (controlled).
— Rate is now based on 2 Barbados $ to the dollar.
‡ Now one official rate.
† Brazil rate for March 28 was 22.36 and not as printed.

هكذا من الأصل

The importance of small firms to Britain's industrial future is being underlined by offers of support from the City and big business

Venture capitalists spread their wings

BY CHRISTOPHER LORENZ

ANYONE who is worried about the slow pace of economic regeneration in Britain should welcome the news that the country's leading specialist in commercial start-up capital for technology-based firms is trying to broaden its scope.

As reported on yesterday's news pages, Technical Development Capital, which is part of the Finance for Industry—ICFC complex, has approached several large industrial companies in the past two months with the idea of establishing joint ventures for the exploitation of new projects which would otherwise be abandoned by the big companies—either because they appear too small for them, or because they are in new market areas which the companies do not wish to enter. TDC has recently approached some of the best-known corporate names in fields such as chemicals, automotive components, food, glass products and computers.

Less obviously far-reaching, but possibly just as important to the future success in Britain of more innovation-based small firms, are indications by TDC's Manager, Mr. Tony Stevens, that his organisation may be prepared to play a more active part in the management of companies in which it invests, in those cases where "a lot of money will be needed in a fast-growing situation."

A report published yesterday* on behalf of the Anglo-German Foundation for the Study of Industrial Society (though the views are those of the report's authors, the American consultancy Arthur D. Little), claims that ". . . without participative management, the odds against TDC's success are very much increased."

The report analyses the commercial reasons why so-called new technology-based firms have been less successful in Britain and West Germany than in the United States, and covers a very much wider scope than the performance of TDC and other venture capital institutions (see Geoffrey Owen's article on October 19). But, apart from the report's call for a better European climate for entrepreneurs (taxation rates, in particular), its hardest-hitting section concerns the performance of venture capital specialists in the U.S. and Europe.

A strong underlying implication of Arthur D. Little's argument is that the success (or otherwise) of venture capital specialists in the U.S. and Europe is closely related to their degree of readiness to involve themselves directly in the way their investments conduct their businesses. The apparent thesis is that there would be fewer failures of new technology-based firms, and the survivors would be far more successful, if their venture capital providers ran the business jointly with them in some way, providing expertise whenever it was lacking—whether in production, monetary or financial control, areas which are often neglected by small firms, where the management may consist of just one or two technically-minded people.

In the particular case of TDC, the report suggests that none of the institution's portfolio of small companies (now numbering over 100, at a cost of about £7m.) has been what it calls "a major success," and that TDC has had to face some substantial write-offs over the years. The report claims the story would have been different if limited staff resources and ICFC policy had not constrained TDC from managerial involvement; ICFC has a policy of taking no active involvement in the management of its customers.

The desirability of greater managerial involvement is conceded only to a very limited degree by Mr. Stevens, who warns that many entrepreneurs would be deterred from approaching TDC in the first place if it had a reputation for *intervening in management*, thereby endangering the very virtue which motivates many entrepreneurs — independence. Seen in the context of the general availability of commercial start-up capital, his warning takes on extra weight: according to the Arthur D. Little report, only two U.K. venture capital institutions apart from TDC generally provide commercial "seed capital," as it is sometimes called. So TDC is far too scarce and valuable a resource from the national point of view to scare off the very people it is supposed to help. (The National Research Development Council specialises in technological as opposed to commercial start-ups.)

Many of the report's assumptions are based on the plethora of new technology success stories in the U.S., some of whom — like Digital Equipment, now the world's leading mini-computer maker — were funded in their early stages by venture capital organisations. But Mr. Stevens claims that very few of the 400-odd venture capital groups in the U.S. get involved at the very high-risk stage, which is just what TDC was established to do. So it would be astonishing if its "success rate" were anything like as high as the report appears to expect.

So TDC's performance and approach may not be as open to criticism as the Arthur D. Little report would suggest. On the key issue of managerial involvement, moreover, TDC has not been a total abstainer. Day-to-day involvement is certainly *frowned on*, but TDC frequently insists on the right to appoint to the Board; so far, this right has been exercised on only about five occasions. More significant could be a development hinted at by Mr. Stevens. Recognising that product or market *failures are less common in* small companies than a failure of management to cope with rapid growth, he now says that "in selected cases, where applicants say there will be a rapid growth rate and are seeking large investments, then TDC might advance funds on the basis that if the management fails, TDC might take steps to change the new management." But this is likely to apply to only a small proportion of TDC's future investments, he says.

Terry Kirk

Mr. Tony Stevens, manager of Technical Development Capital, assessing entries for this year's TDC technical innovator award.

Equity split

This formula could, however, apply to the joint ventures which TDC would like to promote with established industrial companies. The proposal made by Mr. Stevens to several of them envisages the equity being split three ways, between the established company, the entrepreneurial team, and TDC "with no one party controlling the venture."

Explaining the thinking behind the joint venture approach, Mr. Stevens says a recent drop in the quality of some applications for traditional TDC financing, together with other factors, has underlined that, "as in America, most of the new technology is now stemming from large companies. *Most of the successful new companies which are based on new technology are spin-offs from big companies.*" He applies this especially to ordinary innovation, though less to revolutionary innovations of the sort which led to the rise of Xerox, IBM, basic oxygen steel-making, or small-wheeled bicycles, all of which came from relatively small companies, many of them outside the established industry.

Many of these ordinary innovations have considerable commercial potential, but are dropped by the companies where they are discovered or developed—*often for very good* reasons, according to Mr. Stevens. These might include the unwillingness of a large company to invest in a new product which would achieve sales of less than, say, £1m. in two years. Another example is where, say, a chemicals *company develops a piece of* electronics but does not want to enter the electronics business itself.

"Often such projects could be profitable for a small company, and there may even be the basis of an eventually quite large company," Mr. Stevens argues. This is why some U.S. corporations started their own venture capital subsidiaries—a course followed by a few European firms. British companies who have followed this adventurous road — sometimes to accommodate valued young executives who do not fit into the large company structure—might be able to give projects "which are under the axe" a new lease of life with TDC funds, Mr. Stevens suggests.

Those companies which have not set up venture capital groups are asked to "consider an experiment with TDC taking part of the financial risk." In working with a big company, TDC envisages the project being taken off the premises to a low-overhead environment and being managed by a commercially-minded young executive. The source company would trade its technological development for shares in a new business, and TDC would provide finance, of possibly up to £150,000 (a large investment in TDC's terms), for the first 18 months of commercial exploitation.

The potential significance of this approach, provided enough large companies respond to it, is underlined by Mr. Stevens' concluding statement that "TDC also envisages its co-operation with the large companies assisting entrepreneurship generally, to the nation's benefit . . . and in helping in other ways, such as regional development and urban renewal."

* *New Technology-based Firms in Britain and Germany. Distributed by Wilton House Publications, 16, Regency Street, London SW1 4DD; price £15.*

Large companies can lend a helping hand

BY NICHOLAS LESLIE

LARGE PRIVATE and public *institutions must change their* policies if opportunities to enable small enterprises to flourish are to be realised.

This was one of the main conclusions of a seminar held recently which aimed to identify ways of broadening the employment and wealth creating base of the country, particularly in declining city area, by creating favourable conditions in which small enterprise can flourish.

The seminar was organised by IBM (UK) and the Urban and Economic Development Group, an independent body concerned with regenerating inner city communities, and was chaired by Lord Seebohm, chairman of Finance for Industry. Speakers and representatives were drawn from industry, finance, central and local government and professional bodies.

Among the speakers was Mr. Arthur Tait, personnel director of the ICI Mond division, who referred to instances—still in the early stages of development—where his division had given *different forms of help to* small enterprises and individuals. And one of the recommendations of the seminar was that large companies should adopt and develop comprehensive policies and programmes to help small enterprise, based on the experiences of the ICI Mond division.

Lord Seebohm told the seminar that the future success of small firms depended on the interplay of entrepreneurship and technical competence, on the one hand, and external factors such as the deliberate policies of public and private organisations, on the other hand.

The topics covered were wide ranging, looking at the difficulties which faced small enterprises such as raising finance, finding suitable premises, and being able to develop beyond an initial creative stage.

Mr. Ivan Momtchiloff, assistant general manager of FFI, highlighted financial problems of starting small firms. To help the situation he advised concentration on an area or project of clear need; introduction of financial people at an early stage, telling them what was needed and how this was to be filled; and establishment of the principle that "seed" capital should come out of the "charity purse," with commercial support for the commercially successful.

Mr. D. Sainsbury, a director of J. Sainsbury, the foods group, criticised financial institutions for adopting too limited criteria for supporting small firms and maintained that they should take a longer-term view of an enterprise. Mr. J. Hargreaves, director of public affairs of IBM, felt that small companies could be helped by large companies paying their bills on time.

Caution

A cautionary note was sounded by both Mr. Tony Stevens, manager of Technical Development Capital—part of the Industrial and Commercial Finance Corporation arm of FFI—and Mr. J. Coleman, chairman of Gresham Lion. Mr. Stevens maintained that too few people were either interested in or competent enough to *run their own businesses* successfully and that there was thus an insufficient take-up of finance available. Mr. Coleman made the point that "small firms do their accounts badly, undercharge, and often fail because of bad partners."

Reasons of national interest were put forward by Mr. Tait for large companies helping to create work through small enterprise. It would ease the unemployment situation created by large companies which are employing less and less and it would also create needed work on a continuing basis.

Such moves were also in the interests of big business, Mr. Tait argued, since such organisations were often too complex to manage; it was thus worth divesting peripheral activities. Big business also needed a healthy infrastructure of other business activity. Large companies were part of a *community and competition helped* them preserve their freedom of manoeuvre, as well as expanding a national spirit of enterprise.

In what he described as a 14-point "action list," Mr. Tait referred to the provision of expertise and described how ICI's Mond division had recently helped a company that started from a job creation project. Employing 20 young people it had faced liquidation due to inadequate financial control. ICI then came in with training and advice, helping financial confidence to be restored and local industry support re-established.

The latter stage of the seminar involved discussions in small syndicates of people and from these several practical recommendations for action emerged.

For example, the financial syndicate — concentrating on the problems of starting up a small firm — concluded that "entrepreneur development banks" should be set up regionally to provide risk capital and other assistance to selected small enterprises regarded as potential "winners."

The personnel group, looking at the difficulties of attracting entrepreneurial and organisational *skills*, concluded, that large companies should release suitable staff to set up small businesses and that a group of local companies should establish a "sponge" company, perhaps in import substitution, to absorb any surplus local labour.

The lack of small premises for companies just starting operations was a difficulty looked at by another group and it was considered that the answer to this problem lay partly in rehabilitating and subdividing existing empty industrial buildings.

A fourth group concentrated *on the difficulties that small* enterprises faced in gaining information relevant to their business and in supplying information to Government. To relieve the problem, it was suggested that local small enterprise centres should be set up to provide specialist services.

Business courses

Personal Financial Planning and Life Assurance, Towry Law *House, Windsor*. May 2-6 and May 16-20. Fee: £...200 plus VAT. Details from Towry Law and Co., Towry Law House, High Street. Windsor FL4 1BT.

Management Skills, The Churchill Hotel, April 25-27. Fee: $525. Details from AMR International, 6-10, Frederick *Close, Stanhope Place, London*, W.2.

Job Analysis, Whites Hotel, April 26-28. Fee: £146.88. Details from Institute of Personnel Management, Central House, Upper Woburn Place, London, W.C.1.

Investment for Profitable Production, *Royal Garden Hotel*, April 27-28. Fee: £100 plus VAT. Details from PRO 77, Conference Communication, Monks Hill, Tilford, Farnham, Surrey GU10 2AJ.

Barter Trading, Royal Lancaster Hotel. April 29. Fee: £60. Details from Investment and *Property Studies, Norwich* House, Norwich Street, London, E.C.4.

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TUESDAY, APRIL 5, 1977

Output prices up by 20%

THE INDICES of wholesale prices for March are less discouraging than some we have seen in recent months but certainly far from encouraging. The index which measures the average output prices of manufactured goods rose, it is true, by only 1 per cent., compared with 1¼ per cent. in February and an exceptional jump of 3½ per cent. in January. The output price of manufactured foods rose rather more sharply, but in this case too the 6 per cent. total increase for the first quarter of 1977 is slightly below the increase for the final quarter of 1976. What sticks out here is that the year-on-year increase in the output cost of manufactures is now 20½ per cent., the first time it has exceeded 20 per cent. since December 1975.

For the future, however, it is the latest movement of industrial input prices which is more significant and more disquieting. This index, after rising by very little in February, was back to a 2¾ per cent. rate of increase in March. Materials and fuel for the non-food industries were 1½ per cent. dearer, largely because of higher coal prices, but the materials of the food processing industries were up by no less than 4¾ per cent. This will move through first to output prices and then to retail prices in the months ahead.

Exchange rate

The point must be stressed that this sharp rise in the price of raw foodstuffs was entirely due to imports, with home prices falling on balance. Import prices are no longer being pushed up by a weak sterling exchange rate: indeed, sterling was slightly harder on balance during March. They are going up because of increases in world prices, notably of course for tea and coffee, and they would be going up considerably faster were not the Government continuing to resist a revaluation of the EEC Green Pound.

The Chancellor made the point in his Budget speech that the competitiveness of exports should not be maintained primarily through a further drop in the exchange rate, because of the effect this would have on prices. On the other hand, despite the sharp rise in the reserves, there is little reason to suppose that the Government means to allow the rate to move far upwards. If the exchange rate is to be held reasonably steady, the price of imported foodstuffs and raw materials will depend very largely on world movements beyond our control. At the moment it looks as if the rate of increase in retail prices, which is officially expected to be down to 13 per cent. by the end of the year, may accelerate before it starts to slow down. This would not help the Phase Three negotiations, especially if it is the price of manufactured foodstuffs which leads the way upwards.

Price control

But it does not look as if the Phase Three negotiations are going to be easy in any case. Since what matters in practice, moreover, is not so much the negotiation of a formula but its observance — even the Phase Two formula has already slipped markedly—the greatest danger is still that the Government will make damaging concessions to trade union leaders in order to gain their lip-service for an agreement which they cannot undertake to enforce. There is a risk, in particular, that Mr. Hattersley's new Price Commission Bill will be used, under the stress of circumstances, to pursue firms whose costs and prices are rising in a politically inconvenient way and that Mr. Healey's recent remarks about the importance of profitability will be forgotten. The latest wholesale price figures are a timely reminder that costs often rise for reasons quite beyond the manufacturer's control, and that the regulations which are to ensure that the activities of the Price Commission do not reduce profitability below some minimum level have yet to be drawn up.

At cross purposes on a Common Fund

THE LACK of progress at the Geneva commodities conference that ended inconclusively at the week-end is a setback to hopes for a smooth transition to a new international economic order more attuned to the needs of the world's poorer countries. It is not necessarily the end of the road for efforts to restructure world trade in raw materials and to stabilise commodity prices. But it has provided the developing countries with one more reason for concluding that the industrialised nations are not prepared to take their demands seriously. They are particularly disappointed with the new Carter regime in Washington.

Commitment

Of course nobody really thought that the Geneva talks would lead to complete agreement on the new Common Fund to stabilise commodity prices that the developing countries are demanding. What the developing countries were pressing for was an overall commitment of principle that the Fund would be set up. Once it became clear that the U.S. and other major countries including Japan, Canada and Australia, were not ready to accept such a commitment at this stage the talks were doomed to failure. The Americans were prepared to state that they had no *a prior* objections to the idea of a Fund, among other possibilities: they also promised to do nothing to prevent the negotiations going ahead. That does represent a slight advance on their earlier position. But they are not prepared to go any further until they have a much clearer idea of how the Fund would actually operate in practice.

The real problem is that everyone means something different by a Common Fund. For the developing countries, and some industrialised countries like the Dutch and the Scandinavians, it means a major new source of funds that should be set up as soon as possible to encourage the conclusion of the new individual commodity agreements that it is meant to finance. The UNCTAD Secretariat has proposed that an initial $3bn., later to be doubled to $6bn., should be raised through Government contributions and loans. Most Western Governments, however, look at it the other way round. The first step, in their view, must be to negotiate the individual commodity agreements, each with their own funds for buffer stock financing. These funds could then perhaps be pooled or linked under a clearing-house arrangement that would be known as the Common Fund, and possibly a little extra added.

The likelihood, however, is that negotiations on individual commodities will reveal that very few of them are suitable for buffer stocking. If only a couple of new agreements are added to current arrangements for tin and cocoa, a Fund set up on a simple clearing house basis would thus be extremely limited in size. That is precisely why many developing countries, particularly those in Africa, are now insisting so strongly on the need for the Fund to undertake other operations in addition to buffer stocking. They would like it to finance a whole range of other measures such as crop diversification and improvements in production, transport and distribution, as well as possibly intervene on markets where no buffer stock agreement has been negotiated. Both these prospects terrify most Western Governments.

Negotiations

It is partly for this reason that West Germany, for example, now seems to be examining the idea of export earning stabilisation schemes for commodities not subject to buffer stocking agreements. The U.S. Administration has yet to take a position on this suggestion which may well surface in the forthcoming series of international meetings, including the May economic summit in London, at which North-South issues are to be discussed. Meanwhile, negotiations on individual commodities will continue and the Common Fund conference will almost certainly be reconvened in the autumn. The further the industrialised countries get involved in the negotiations, the more difficult it will become for them to reject the outcome. It may well be that something the West will call a Common Fund will finally emerge. But it is unlikely to bear much resemblence to the developing countries' original proposal.

The Yankee bond goes to town

BY TONY HAWKINS

FOREIGN BORROWING in the New York capital market has shot up since the lifting of the U.S. Interest Equalisation Tax (IET) in January 1974. Figures compiled by Morgan Guaranty show that last year, foreign borrowers raised just over $10bn. in this market ($3.3bn. in 1974), compared with some $14bn. in the Eurobond market. Admittedly much of this was borrowed by the Canadians who were exempt from IET. They expect to be heavy borrowers again this year, but have held back for a variety of reasons in the first quarter.

The IET, imposed by the Kennedy Administration in July 1963 was the main single factor responsible for the subsequent growth of the Eurobond market, since it in effect excluded a wide range of foreign borrowers from the world's largest capital market in New York. This exclusion was admittedly far from complete to the extent that a number of borrowers were granted specific exemption from the tax. Exemption was granted to Canadian entities, to international organisations such as the World Bank or the Inter American Development Bank, and to issues made by developing countries.

Although originally intended as a temporary measure, IET was operative for just over 10 years. During that period more than $25bn. was raised in the dollar sector of the Eurobond market as borrowers were diverted from New York. In 1970-73, foreign bond issues in New York were averaging just over $1bn. a year compared with $4.7bn. annually in the Eurobond market.

In theory the lifting of capital controls in the U.S. was going to pose an immediate threat to the viability of the dollar sector of the Eurobond market. Many observers questioned the permanence of the Eurobond market in the face of the expected American challenge.

In the event, both markets have expanded vigorously since 1974 (with the Eurobond market growing more rapidly), and triple-A foreign borrowers have increasingly diversified their capital sources, using Wall Street as well as Europe. It is in this sense that the recent growth of the so-called Yankee bond market reflects the increasing integration of international capital markets.

Before IET, New York was easily the favourite market for foreign borrowers. Between 1955 and 1962 foreign issues in the U.S. totalled $4.2bn. as against $2.9bn. in Europe, the greater part of which was raised in London and Zurich. New York's popularity can be explained in terms of relative ease of access, the size of the market, and the fact that direct issuing costs were lower than in alternative capital markets.

OECD figures put the underwriting cost in New York (at that time) at 1.7 per cent. of the face value of the issue while "other charges" represented a further 0.65 per cent., adding up to 2.35 per cent. This had to be compared with underwriting costs of 2.7 per cent. in London and 2.5 per cent. in both Switzerland and Germany, while "other charges" accounted for 0.94 per cent. in London, adding up to 3.64 per cent., 0.66 per cent. in Switzerland, adding up to 3.16 per cent., and 0.2 per cent in Germany, adding up to 2.7 per cent. In addition — with the important exception of Zurich —U.S. bond yields were lower.

Payments deficit

The attractions of the New York capital market gave rise to a peculiar situation whereby the U.S., with a serious external payments deficit, was being forced to borrow short abroad while lending long-term funds to foreign companies and countries. Net private capital outflows from the U.S. in 1963/1964 have been estimated at some $10bn., and IET was imposed in an effort to stem the flow.

The initial impact of the tax was to raise the cost of foreign borrowing in the U.S. by about 1 percentage point per annum, but what was much more serious was the fact that the taxing of interest income from foreign securities by IET largely discouraged U.S. residents from buying foreign issues. Of course, there had always been strong international buying of foreign bond issues made in the U.S., but the effective withdrawal of domestic buyers tended to restrict New York foreign issues to those made by the tax-exempt borrowers.

At the same time, U.S. corporations were urged to make maximum use of foreign funding to finance their multinational operations, so that U.S. as well as foreign borrowers turned their attentions towards the Eurobond market. Accordingly, U.S. companies were heavy borrowers in the Eurobond market, particularly in 1968-69, raising more than $9bn. during 1965-73. While the Administration's restraint programme initially may have pushed U.S. corporations into this market, there is also some published evidence to show that a significant number of U.S. corporations would have borrowed from the Euromarket anyway. The reasons included the view held by many companies that they could borrow more advantageously in the Eurobond market; the desire to separate foreign operations from domestic ones; and the need to publicise the corporate name internationally, acquiring a multinational funding reputation, as well as a multinational sales or production image.

The dismantling of capital controls and the abolition of IET came at a time when the Eurobond market was suffering a severe crisis of confidence. New issue activity in 1974 was halved, U.S. corporate fundings fell from $875m. in 1973 to a mere $110m. in 1974. The transformation of the situation in New York since 1973 is evident from the Morgan Guaranty statistics showing foreign issues of $960m. in 1973, rising to $3.3bn. in 1974, $6.5bn. in 1975 and $10bn. last year.

Much of this growth has not been directly attributable to the lifting of IET. For instance, Canadian borrowings (which were exempt from IET) rose from less than $1bn. in 1973 to $5.7bn. last year and loans for international organisations (also tax-exempt) jumped from zero in 1973 to $2.5bn. last year. But at the same time, there has been a steady flow of borrowers who, prior to 1974, were effectively shut out of this market by the tax. In the past three years there have been some 40 such Yankee bond issues with an aggregate value of $3½bn. (The term Yankee bonds applies generally to foreign bond issues in New York, but more restrictively to the recent, that is post 1973 issues, and even more narrowly to those issues made since 1974 which previously would have been subject to IET.)

French state agencies with Government guarantees have been the most frequent borrowers in the market, raising some $885m. The European Coal and Steel Community and the Commonwealth of Australia each have borrowed seven times, $700m. and $500m. respectively in all, while the Kingdom of Norway has raised $550m.

A feature of the Yankee market, as narrowly defined to encompass those borrowers previously subject to IET, is the virtual homogeneity with respect to rating. All the issues with one exception are rated triple-A by both rating agencies. The exception is the Republic of Finland, rated triple-A by Standard and Poors and double-A by Moodys.

Hitherto the main attraction of investing in Yankee bonds has been, in addition to their Triple-A rating, that they have offered higher returns than those available in the domestic New York market. On five-year paper, for instance, returns have been some 75 basic points (0.75 percentage points) higher for foreign bonds than for similarly rated domestic issues. Recently, this gap has been narrowing, reflecting the fact that the New York market has fallen while the Eurobond market has held firm, so that European holders of Yankee issues have been less susceptible to the kind of influences depressing the fixed income market in the U.S.

Eurobond issues

From the borrowers' viewpoint, the Yankee market is attractive on several counts. For a start, it is possible to make larger and more frequent offerings. Because foreign issues in New York can be sold to foreign investors as well as to U.S. residents, while Eurobond issues can only be sold to U.S. investors after a qualifying period of weeks or even months, there is a wider potential market.

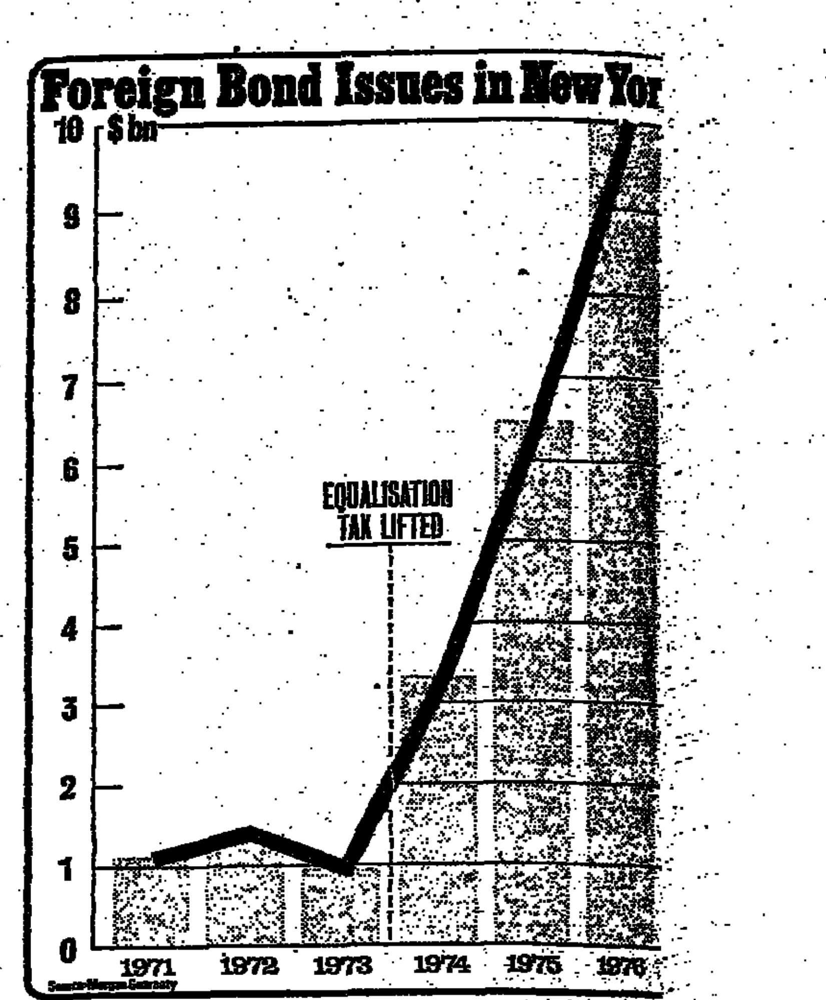
The proportion of Yankee issues that is sold to U.S. investors varies with the borrower, the conditions of issue, and prevailing market conditions. But as the foreign names have become better known and as maturities have lengthened, so it would appear that the share bought by U.S. investors has risen. In part, this reflects the reluctance of European investors to take up longer-dated paper. Thus, a much higher proportion of the 1977 Kingdom of Norway five-year issue was sold outside the U.S. than of the recent Stockholm paper which has a 15-year maturity. Most Yankee issues have maturities of five to 10 years, but in the past 18 months there have been a number of longer-term issues with maturities ranging up to 20 or 25 years — something very uncommon in the Eurobond market. The fact that borrowers can make long issues of this kind is a reflection of the extent to which they have successfully established their names with the U.S. investment public.

Borrowers are also attracted to New York because it is slightly cheaper than the Eurobond market, based on a comparison of the terms of issues made in 1976 by five borrowers who have tapped both markets in recent years. The table shows that despite the longer maturities of the U.S. issues, in terms of average borrowing costs per year over the average life, it was in general cheaper in 1976 to borrow in New York. But just as there is evidence to show that U.S. borrowers have tapped the Euromarket for reasons other than comparative costs, it can be argued that cost factors are unlikely to be decisive in determi- borrower preferences, espec- where the disparity is as ginal as the table suggests.

The need for registration the SEC in New York and need for a triple-A ratin sufficient to deter second- borrowers or those who ar luctant to have their cr worthiness the subject of rating. Others will oby obvious need to spread fundings — geographically well as in time. It is a f factor that rating is all im tant in New York, where Eurobond market will some lower rated or borrowers who would starters in New York.

Flexible market

Given the size and of the U.S. market and the of borrowers for flexibility diversification, an incre number of foreign borr can be expected to Yankee issues. In Ma fortnight ago, for ins there was open discussi the need for Spain to rating and borrow in New though probably not this So the borrowers have b gained since the lapsing by having two markets to



Yankee and Euro compared (in 1976)

Borrower	Yankee bonds: Weighted average life (Years)	Yankee bonds: Weighted average cost/average life (%)	Eurobonds: Weighted average life (Years)	Eurobonds: Weighted average cost/average life (%)
European Coal and Steel Comm.	10.0	9.17	6.5	9.20
European Investment Bank	10.1	9.17	7.4	8.91
Kingdom of Norway	5.0	8.68	5.0	8.88
European Economic Community	5.0	8.13	4.5	8.66
Borrowers with French Govt. guarantee	7.9	9.21	8.2	9.90

MEN AND MATTERS

SWAPO makes its point

Barclays Bank International yesterday became the first British business to be approached directly by the South West Africa People's Organisation over policy in southern Africa — but SWAPO now intends to start contacting others.

That was one point made after a meeting with Barclays by Peter Katjavivi, information secretary of SWAPO, which a few months ago shifted its publicity headquarters from Lusaka in Zambia to London. "To-day's meeting was a very useful exercise in putting our views across," said Katjavivi. "We want to tell British companies that we are always available to discuss Namibia with them and point out that they should consider their long-term interests there."

Frank Dolling, BBI's senior general manager, was told by his visitors that SWAPO opposed the bank's plan to set up a separate organisation for its banks in Namibia (South West Africa), hiving them off from Barclays in South Africa. Katjavivi explained that SWAPO was against the move because of its timing, which comes just as the South African-run Turnhalle conference of black and white ethnic groups in Namibia has reached agreement on a draft constitution for an interim government to pave the way for independence.

SWAPO, fighting a "limited" guerilla war in northern Namibia, opposes the conference and reckons the BBI plan would add credence to the Turnhalle agreement. For the other side, Dolling said it was a long-standing proposal and he stressed that Barclays Bank was non-political. Also raised at the meeting was the thorny subject of the £6.5m. investment in South African defence bonds by Barclays's local subsidiary (the company, Barclays National Bank, denied any intention over the week-end of selling the bonds).

Katjavivi, 35, has been SWAPO'S London representative for nine years, having been born in South West Africa which he left in his late teens. Despite the disagreements he and Barclays described yesterday's talk as "amicable"; the subject is due to come up again to-morrow, when, not for the first time, some of Barclays's shareholders plan to raise it at the annual meeting.

Katjavivi did not have far to go for his meeting with Barclays as the SWAPO office is situated in the generally non-radical confines of the City, just north of Finsbury Square.

As with other London-based international pressure groups like the Palestine Liberation Organisation, SWAPO churns out a stream of information on what is going on in Namibia, its 20p monthly magazine including features like a regular "war communiqué."

Salty

This is supposed to be yet another year when exports get special attention, but I reckon there is precious little new the redoubtable British exporter can be taught. I base that on the details of British trade with Albania in 1976, when ingenuity seems to have known no bounds.

The total amount of business done was tiny, a mere £40,000 worth of imports and £127,000 worth of exports. Despite the modest amounts involved, Moscow Narodny Bank has broken down the details of sales to Albania in a bulletin just published, and they make intriguing reading.

There, among the household paper items (loo rolls?), water-thinned paints and the like is £158 worth of "salt liquors and sea water." The Ministry of Agriculture thought yesterday that the first were probably something to do with cattle feed . . . but *sea water?* A man at the British Overseas Trade Board wondered whether it was a misprint for seaweed. Either way, Albania has its own coast line, so what's so special about British briny?

Taxi, sir?

The ill wind now enveloping British Airways (holiday time and industrial dispute time going hand in hand again, it seems) blows kindly in the direction of Britain's private air taxi companies. And no doubt a few more of BA's customers will learn from experience that, as with hiring street-bound taxicabs, taking an air taxi can actually be cheaper than scheduled flights.

For instance, a round trip to Brussels in a five-seater Piper Aztec will knock about £20 off the top scheduled fare for each passenger. This week, not surprisingly, the customers are not just the usual cost-savers. "Travel managers panic about getting the chairman to Amsterdam on Thursday and book a flight just in case—then we get people who think the dispute won't affect them, and call us from an airport call box asking them to get them to France at any price," said Tony Mack, head of the Gatwick-based Air London firm, yesterday.

For comfort and speed there are of course executive jets, normally eight seaters. They come expensive compared with the Aztecs, Amsterdam and back costing some £125 for each passenger, with the fare to Nice about double that.

Mack reckoned that two hours in an Aztec tended to be what the average executive can tolerate without getting fidgety. Unlike the airliner-type quality of service on executive jet trips, life in an Aztec tends to be spartan: "We give only coffee, biscuits and the newspapers," said Mack, "for most people it gets a bit laborious without a stewardess fussing over them."

Unsure thing

Ever since the Great Crash, the New York Stock Exchange has been steadily spending to remind America's investors that buying shares is no gamble but rather an investment in the future of capitalism. This may be true, but the Old Lady of Wall Street yesterday had to issue a small, rather embarrassed statement that "acting on information received" it has launched a major investigation into allegations that a bookie on the trading floor has been accepting bets on sporting events.

Observer

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SOCIETY TO-DAY: CHILD BENEFITS

BY JOE ROGALY

A mountain that brought forth a mouse

THE GREAT Child Benefits farce begins this week. At enormous expense rows upon rows of young, fresh-faced clerks sit beneath their personal artefacts and photographs of Starsky and Hutch, checking and ticking off the millions of forms that provide for the payment of small weekly pocket money allowances to all mothers. Most are busy; some gaze out of the large-pane windows in their new building in Washington New Town at the burgeoning spring greenery as they wait for the anticipated last-minute rush of the 400,000 or so claims that they still believe to be on their way.

The order books that will be cashed at Post Offices everywhere this year will be worth nearly £900m., £226m. of which will be taken back by one of the Government's other tentacles in the form of a reduction in Child Tax allowances, as announced in the Budget. This is a net increase of some £120m., in autumn 1976 pounds, on the total paid out in the now defunct Family Allowances, plus something with which we no longer need concern ourselves called "child interim benefit" in the financial year just completed.

It is an immense money-recirculating operation, with a pathetic result. Most families will be about 30p, or almost the price of a decent pint of beer, better off every week. Some, at the poorest end of the scale, will be able to have nearly three pints; at the higher levels they will have 10p, or the cost of wiping out the glass before pouring in the whisky. In the entire history of human folly there can have been few countries that have put so much effort into achieving so little.

I am talking here about the net cash effect. What has been achieved is the establishment of a principle, and if it were thought that Britain was entering a period of growth, and greater wealth, and consequent greater ability to pay out social benefits, it could be taken that the apparent madness of the first year is of little consequence.

For the principle is undeniably important. The benefit is being paid to mothers (or single fathers), so that the cash in their purses will be more significant than the net increase to families as a whole. In two-parent families the amount will be £1 for the first child and £1.50 for other children, which just about takes care of the weekly envelope with the school meals money, plus a little extra for, say, a pair of tights or two. Provided that husbands do not attempt to reduce the house-keeping money by the amount of the fall in their wage envelopes, most women will no doubt appreciate this. (Higher earners who may have relinquished the right to Family Allowance will be doing themselves down if they do not apply at the Post Office for Child Benefit claims forms, since the compensating deduction from their tax allowance is already being made — and the new payments are tax free.)

As one who has argued strongly in favour of the principle of cash payments to mothers, the arrival of the new scheme—however ludicrous its net effect—must be taken as some sort of step forward. But if any of our paid groups of thinkers in Whitehall (the Central Policy Review Staff? The Downing Street Policy Unit? The Joint Approach to Social Policy conclave?) is doing its job properly it ought to be publishing papers on how to make the entire exercise financially much more worthwhile.

One reason for this is that child support, in cash terms, has fallen progressively lower in the order of social priorities, just as pensions have climbed the scale. If the successor to Mr. Jack Jones is as passionate about family support as Mr. Jones has been about pensions the balance might be redressed, but while the politicians are awaiting such a change of masters it would be as well for those whose task is to calculate such things to set out the figures for public debate.

It is important to be clear about this. The need to cut public spending, and especially current spending (which has so far remained more or less unscathed) is a continuing one: we have much further to go. It is also true that in some social areas other than child support — including pensions — the amounts we pay out are still well below the levels to which our wealthier West European brethren have become accustomed.

Yet just because such premises must be taken as given is no reason to stop all debate about what the mix of social spending should be. In theory the Government could put the brakes on future pensions increases in order to finance more for child benefits (although that would require a change in the law), or it could maintain the level of pensions, or even increase it, and increase child benefits, and make more than compensating cuts elsewhere. The best place to start would be the housing budget, where sensible policies could save a couple of billions a year, although perhaps not quite at a stroke.

Thus a proper review of social priorities should be released from the fixed assumptions on which our administrators base their thinking. The excuse that "I thought everyone was asking us to cut expenditure" is specious.

Those who ask the fundamental question — why do we need a higher level of family support? should not be fobbed off with the statistics showing that Britain's population has now begun to fall: the much better payments made in most Continental countries do not seem to be correlated with birth rates, as can be seen by looking at the lines in the table for West Germany and the Irish Republic. There may come a time when a confident, if chauvinistic, British Government tries to increase the birth rate by paying highly for children as the French have done, but no such policy can be justified on the basis of existing figures.

The counter-argument, put by the Secretary of State for Social Services, Mr. David Ennals, that "there is a limit to the extent to which we can tax the childless to help those with children" is very simply disposed of by considering the figures, which suggest that (a) there is ample room within the present total of public spending to shift money towards family support and (b) whatever Mr. Ennals' hypothetical limit may be, Britain's performance, so near the bottom of the European scale, is clearly a million miles away from it.

With those arguments out of the way, one can turn to the principal reason why child benefits ought to be increased: these payments are one of the best means of alleviating poverty (assuming only that the beneficiaries can make their way through the sometimes baffling application forms, with their amendment slips, and their amendment slips to the amendment slip). If sufficient cash is put in the purses of mothers in large families, a great deal of the sting is taken out of one of the major areas of hardship. This is true even if child benefits are kept for their own sake, and their possible growth into a negative income tax is ignored.

The extent to which Britain falls short of any such programme can be partly judged from the bar chart, which admittedly shows Britain in a poorer light than it would be if the introduction of allowances for the first child could be included—but the Brussels official who did the preliminary calculations was necessarily working on 1974 figures. The relativities are still much the same, however, and they indicate that in calculations unaffected by either the rate of exchange or differences in the cost of living cash family support is embarrassingly low in Britain.

The arguments are set out in a new pamphlet, "The Great Child Benefit Robbery," published by the Child Benefits Now Campaign, c/o the Child Poverty Action Group, 1 Macklin Street, London, W.C.2. The campaign has the support of a conglomeration of organisations of the type one might expect, like the National Council of Women, the British Association of Social Workers, plus some unions associated with the Left, or pressure for high public spending, or both — such as AUEW-TASS, NALGO, NUPE, and a couple of public service unions.

It seems reasonable to suspect that many of these supporters would like higher child benefits, plus more expenditure everywhere else in the national Budget with the possible exception of defence. But if the cause is just, a difference about the motives of some of those who serve it is something that must be accepted. In their way NALGO and NUPE have done much to make it difficult to find the necessary money, by pressing so hard in favour of waste elsewhere — but even that does not make them wrong about child benefit.

Whatever the alliance, the difficulty everyone must overcome is more than financial. For the method by which the present half-baked scheme was conceived (by "leaks" out of TUC pressure, with Cabinet panic as the midwife) has produced something so complicated and so irrational that the whole idea may be brought into disrepute. As Mr. Patrick Jenkin, for the Conservatives, pointed out in the Commons on February 8, "even the experts in such organisations as the Child Poverty Action Group are having the greatest difficulty in understanding what will happen in eight weeks' time when all this starts."

Two months further on . . . and those who are applying for the benefit rather late in the day are in danger of being baffled to death. Yet the underlying principles are so important that some kind of rescue is imperative.

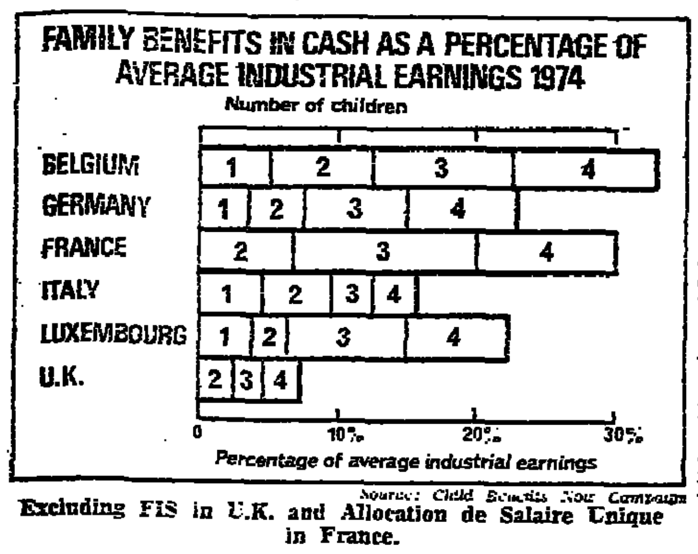
This is one of several areas in which a constructive Conservative opposition, thinking seriously about the possibility of taking office, should be making itself felt. In that same debate of February 9 Mrs. Lynda Chalker, Conservative, said "we want a proper Child Benefit Scheme" (because the Tories want Tax Credits)—but what those who have to do the voting should be enabled to see is precisely what the Conservatives mean by a proper scheme, set out in fair detail, costed, and presented together with an indication of where the money will be coming from. It would be nice to think that something like that is on its way from Central Office, wouldn't it?

CHILD SUPPORT IN THE EEC

(Monthly rates in £ at October 1, 1976)

	Position of child in family				
	1st	2nd	3rd	4th	5th & subsequent
Belgium	20.62	32.72	44.81	45.70	46.03
Denmark	14.06	14.06	14.06	14.06	14.06
France	—	18.48	31.07	31.07	27.71
Germany	12.16	17.02	29.18	29.18	29.18
Irish Republic	2.30	3.60	4.35	4.35	4.35
Italy	7.02	7.02	7.02	7.02	7.02
Luxembourg	15.74	15.74	42.54	42.54	42.54
Netherlands	12.80	22.25	22.88	30.52	30.52
U.K.	4.66	6.50	6.50	6.50	6.50

Source: Hansard, 28th February, 1977



Excluding FIS in U.K. and Allocation de Salaire Unique in France.

Letters to the Editor

Cargo equity proposals

From The President, Inter Maritime Management.

Sir,—I was present at the Seatrade Conference and enjoyed the lecture given by Mr. Peter Douglas of the Chase Manhattan Bank (March 24) as well as the last comments of Mr. Erling Naess, and whereas the chairman did not allow many questions due to the shortage of time, I would hope that this letter might stimulate more active and productive thinking of the tanker problem currently being experienced by the tanker owners.

Mr. Douglas's analysis on rates was very impressive and could still be made more accurate depending on the type of trade, owners, management, running costs, flag, and all other elements which are the components of total owning costs. I cannot, however, consider the proposal presented to the audience, that the oil producing countries would step in, as being realistic. Why should the oil producing countries or, for that matter, any potential buyer, agree to pay more for a tanker than the current market price?

I did not hear Mr. Douglas suggest, and this I would have welcomed, that the large banks should extend the mortgages up to 15 years (depending, of course, on the age of the vessels), or even 12 to 15 years, or alternatively accord a grace period of say 12 to 24 months (depending on the financial standing of the individual). This would seem to me almost without risk in a market where fluctuations occur more frequently than in the real estate business, for example, where a steadier fluctuation takes place.

In my experience, in the case of most bankruptcies in the shipping industry over the last 30 years, with the exception of those where fraud was involved, had the banks assisted the owners, or the creditors, to carry the debts for a short period of time—a minimum of 12 to 36 months—all creditors could have been paid and the owners could perhaps have survived. Such a procedure could naturally not be followed if there was any question of mismanagement; in most cases the current market conditions are not, as we all know, the fault of the owners—and this was also voiced in the Seatrade Conference in 1975—but of those large banks who were offering a very large chunk of cash (VLCC's) when the market was high.

As for Mr. Naess's remarks on Intertanko's initiative, with all due respects, I believe that Intertanko should try (and I apologise if this has already been thought of and done without any positive results) to bring about a meeting with the senior members of the "Berne Union" such as the ECGD, COFACE, HERMES and other such members of sea-faring countries and with the banks involved to seek a new type of insurance policy which would ensure that the lending banks grant necessary extensions. After the many cancellations which have been made since the slump in the market, I am confident that this would now be a very productive solution in favour of all concerned.

Bruce Rappaport,
5, Quai du Mont Blanc,
1201 Geneva.

Civil Service pay

From The Head of Information Civil Service Department

Sir,—The Government Actuary did not say or imply that the civil service is overpaid, as your reporter, Mr. Short, alleged in your columns on March 26 ("Government Actuary says civil service overpaid").

He said that in his view the value to the civil servant of having his pension linked to the retail price index is 2½ per cent. of pay more in 1977 than it was in 1973. But, as he made entirely clear, this re-assessment took no account of changes in outside practice on indexation, or in the value of other pensions benefits, or in all the other conditions of service which under the pay research system determine the correct pay relationship between civil servants and their outside comparisons.

Thus the Government Actuary's review provides no basis for saying that civil servants are overpaid—or underpaid for that matter.

S. T. Cursley
Whitehall, S.W.1.

[Eric Short writes: The Government Actuary's statement makes it clear that if he were recalculating the deduction in civil service pay to allow for the value of the civil service pension scheme he would recommend a 3 per cent. deduction whereas the 1973 calculation of 1½ per cent. still applies. I think it is reasonable to assume that if the Government Actuary states that the deduction in pay should be more to allow for pension benefits he is in effect stating that civil servants are at present overpaid.]

Gobbledegook in communications

From Mr. J. Mattison.

Sir,—I see from a recruitment advertisement (April 1) that "The charge will be executive responsibility for evolving corporate strategy on all aspects of the Group's relationships, communications with, and commitments to those who work in its many component parts in the U.K. and abroad and with the community at large."

The advertisement continues: "The principal criteria are in-depth knowledge and practical experience of the evolution and application of effective participative personnel and communications policies in an industrial setting, both in terms of the present and the future. Personal standing stemming from creative achievement and commitment in this context are equally important."

Anybody who can master this management gobbledegook may well deserve the £20,000 a year on offer. But if he sees himself in that kind of light it's questionable whether he will be any good at dealing with people, let alone communicating with them.

John Mattison.
McLeish Associates.
Tudor House,
24, Tudor Street, E.C.4.

University of life

From The Chairman, Robert Lee International.

Sir,—I am concerned that at a time when it seems agreed we need urgently to discover and foster the "merchant adventurers" among our young people, there is an increasing insistence in industry, business and professional bodies on yet more formal or academic qualifications, even in non-technical subjects.

Real business talent, in my experience, has little to do with formal qualifications or academic ability, and may or may not coincide with them. I think there are even indications that such talent may be stifled rather than encouraged by long academic courses, and the accompanying uncompetitive life-style, at a critical age of development. These days any "bright" young person is likely to have a chance of going to university or polytechnic, but I find increasingly that many of them, including good ones, are bored and disillusioned there.

Would it not widen our potential if industry and business opened their doors more freely and on such terms as to encourage young people to join them as a real alternative to going to university; if the sandwich system was extended much more widely to include non-technical subjects; and if more people went to university later as mature students when they know better why they are there and what they want out of it?

Robert Arkle.
24, Berkeley Square, W.1.

How much energy?

From Mr. B. Adkins

Sir,—I have noticed a recent tendency, when speaking or writing of the so-called "new energy sources"—namely the sun, wind and tides which are in fact about the oldest sources known—to quantify their probable generation capacity in terms of kilowatt-hours per year . . . which guarantees fairly high figures even for minuscule generators.

On the other hand more conventional energy production (from coal, oil, hydro or nuclear) is normally referred to either in very basic terms such as millions of ton(ne)s of coal equivalent or oil equivalent (Mtce or Mtoe) or as megawatt-hours, gigawatt-hours (10^6kWh) or even terawatt-hours (10^9kWh) per month, week, day or, most usually, per hour when of course the quantity per hour becomes the same as the rating (that is, a 1,000 MW rating will produce 1,000 MWh per hour).

I strongly suspect that at least the former practice (kWh per annum) is to avoid emphasising the comparatively trivial contribution to overall energy supplies the "new energies" can provide. I would, therefore, make a plea that, for example, rather than quoting a wind generator as able to produce 150,000 to 500,000 kWh per year, as was recently done in your columns (March 17) it should have been clearly stated that the system had an average rating of between 17 and 57 kW. This of course is about the energy consumption of two or three individual homes: to supply a small town of, say, 5,000 inhabitants some thousand such wind installations would have been needed!

As a matter of fact, in the example I have cited, the wind power was not used for electricity generation for homes, but for heating water directly for greenhouse warming. Electricity-wise, for well-known reasons, it would have produced far far less energy than quoted . . . and that no more constantly than the wind itself.

Bruce M. Adkins.
13, Avenue du Panorama,
91190 Gif-sur-Yvette, France.

Deferred tax

From Mr. G. Archer.

Sir,—I refer to Michael Lafferty's report (March 31) that the accounting standards committee is about to ratify the treatment of deferred taxation proposed in the Morpeth Group's exposure draft (ED 18). The ASC's decision on this point vitally affects another important issue arising out of ED 19. The Morpeth proposal would dispense, in the typical case, with the need to make provisions for deferred tax in respect of accelerated capital allowances and revaluation surpluses (holding gains). This proposal has been generally welcomed by industry and the accounting profession. But it has implications regarding the availability for distribution of the revaluation reserves.

The same funds cannot be both reinvested in replacement assets—thus perpetuating the deferral of tax—and distributed. It may be argued that the funds distributed can be made good by increased borrowing. But if it has failed to provide for the deferred tax, a company embarking on this course must keep on borrowing, or else cut its dividend, in order to invest and so defer the tax for which it has not provided. Or of course, it can pay the tax, which makes nonsense of the non-provision.

There would thus seem to be two possible implications. First, perhaps deferred tax provisions on accelerated capital allowances and revaluation surpluses are not such a bad idea after all. Second, a case may exist for not making such provisions, so long as revaluation surpluses are considered as available for distribution only when they are both (a) realised and (b) attributable to debt- or creditor-financed assets.

G. S. H. Archer.
London Graduate School of Business Studies,
Sussex Place,
Regent's Park, N.W.1.

Caring for the worse off

From Mr. W. Simpson.

Sir,—On March 30 you reported a Bristol University research fellow as saying in the Shelter magazine: "If council housing were not to cater only for the worst off, the principal way in which decent housing could be provided was by increasing the supply of council housing." This was part of an argument against selling council houses.

Failing limitless resources I would have thought the object of council housing was to cater only for the worst off.

W. J. Simpson.
18, Wallgrave Road,
S.W.5.

Subsidies and need

From Mr. P. Weiner.

Sir,—I have read various letters and articles in your paper about rents, homelessness, and Britain's economic problems.

A central question which never seems to be asked or answered is why many tenants of council property are subsidised irrespective of need? I have come across many individuals running their own companies, and families with two/three wage earners, living in subsidised council homes. Why are these families being subsidised—either charge the full market rents to provide more income to the State, or move these families out to provide room for more deserving cases.

Similarly, a lot of problems in the private and public sectors would be solved if all rents were initially set at a full market rate, for example, 10-15 per cent. return on current market value. Subsidies could then be granted on the basis of need.

The benefits? More income for the State; more homes for the deserving; more work and/or sales for the construction industry from those families too wealthy to be in council subsidised homes.

Paul Weiner.
18, Croftdown Road,
Gospel Oak, N.W.5.

To-day's Events

GENERAL

EEC Foreign Ministers meet, Brussels.

Mr. Anthony Wedgwood Benn, Energy Secretary, now in Washington, meets House of Representatives' members having energy responsibilities, followed by meeting with Senate Energy and Natural Resources Committee. He then calls on Mr. Morrice Udall, chairman of House Interior Committee, and afterwards attends lunch given by president of American Petroleum Institute.

President Sadat of Egypt ends two-day visit to Washington.

Lord Thomson (formerly Mr. George Thomson) on 15-nation Commonwealth tour as Prime Minister's special envoy in preparation for Commonwealth conference in June.

M. Yvon Bourges, French Minister of Defence, ends two-day visit to London for talks with Mr Fred Mulley, his British counterpart.

Metrication Board progress report and further planned developments.

CBI Economic Policy Committee and South Western Regional Council meet.

Royal Commission on Distribution of Income and Wealth sits, Neville House, Page Street, S.W.1, and hears oral evidence from Disability Alliance; National Fund for Research into Crippling Diseases; British Association of Social Workers; and Community Relations Commission.

Mr. Edward Heath MP and Sir Keith Joseph MP address Federation of Conservative Students' conference, Royal Holloway College, Egham, Surrey.

Lord Chalfont addresses Tory Reform Group lunchtime meeting.

PARLIAMENTARY BUSINESS

House of Commons: Debates on teacher training colleges in Scotland; and on Mr. Philip Agee and Mr. Mark Hosenball. Opposed private business.

Select Committee: European Legislation. Witness: Mr. Michael Foot, Lord President of the Council, who will be questioned on European legislation generally (10.30 a.m., Room 5).

COMPANY RESULTS

Bank of Scotland (full-year). Grattan Warehouses (full-year). Thomson Organisation (full-year).

COMPANY MEETINGS

A.P. Bank, 7, Bishopsgate, E.C., 12. English and New York Trust, 20, Fenchurch Street, E.C., 3.45. First Scottish American Trust, Dundee, 12. Imperial Metal Industries, Birmingham, 12. Macpherson (Donald), Winchester House, E.C., 12. Pentland Investment Trust, Edinburgh, 10.30.

MUSIC

St. John Passion (Bach), St. Paul's Cathedral, 6 p.m., with the Choir and London Bach Orchestra.

COMPANY NEWS + COMMENT

Cape finishes 39% ahead at £14.2m.

ON A 34 per cent. increase in turnover, taxable profit of Cape Industries for 1976 shows a 39 per cent. improvement from £10.2m. to £14.2m.

At the midway stage when profits were up from £4.03m. to £7.12m. the directors said that the second half was continuing at much the same levels but there were signs that it might become difficult to maintain similar margins throughout the year.

The dividend total is stepped up from 6.6785p to 7.3474p with a final payment of 4.707p net. Earnings for the year are given at 29.9p (29.6p) per 25p share.

The directors report that exports and overseas sales represented 42 per cent. of total turnover.

The dividend total is stepped improved their results, the building and automotive divisions achieving higher profits for the fourth consecutive year despite continued difficult trading conditions in the U.K.

The balance sheet continues to show considerable strength, enabling the group to plan record capital expenditure of £14m. in 1977, say the directors.

	1976	1975
	£000	£000
External turnover	175,664	126,177
Building and insulation	65,956	52,551
Automotive and eng.	54,927	39,748
Mining	54,771	29,861
Internal sales	3,232	2,173
Trading profit	16,356	12,153
Building and insulation	4,624	3,972
Automotive and eng.	1,749	1,316
Mining	9,983	6,865
Share of assoc. losses	28	160
Interest payable	1,594	1,993
Profit before tax	14,204	10,195
Tax	7,015	4,850
Net profit	7,189	5,345
Extraordinary debits	78	585
Attributable	7,091	5,810
Preference dividends	17	17
Ordinary	1,764	1,483
Retained	5,415	4,113

● **comment**

Cape Industries has fulfilled the £14m. profits expectation, yet its shares have fallen against a market rise of a quarter since the interim figures. The probable reason is that £1m. currency gains hides falling profits on the automotive side and reduced margins on the building side between the two halves. Falling volume in building still remains a headache, but Cape has now solved management problems on the automotive side where overseas sales are picking up nicely. Sales on the mining side were slightly lower than the maximum output of 150,000 tons, with the major markets taking up slack from the U.K. where there was some bad publicity for asbestos. World demand for asbestos products is now picking up, albeit gently, and Cape looks well placed with a 15 per cent. price increase this January and additional capacity of a tenth coming on stream next year. By that time the Swedish associate should be at breakeven and the overall tax charge down to its more normal level of around 45 per cent. So the shares at 112p could be in for a re-rating from the present p/e of 3¾ and yield of 10½ per cent.

INDEX TO COMPANY HIGHLIGHTS

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Beatson Clark	24	5	Metal Closures	24	2
Boosey and Hawkes	23	3	Montfort (Knitting)	24	5
Brammer (H.)	22	2	North (M. F.)	23	2
Bryant Holdings	23	4	Ocean Transport	23	1
Camrex (Holdings)	22	6	Padang Senang	25	8
Cape Industries	22	1	Peters Stores	22	7
Clarke Nickolls	22	5	Ransomes Sims	24	4
England (J. E.)	22	3	Ratcliffs (Gt. Brdge.)	22	5
Equity and Law Life	24	1	Rotork	22	5
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Grovebell Group	22	6	United Glass	25	6
Highland Distilleries	24	3	York Trailer	24	4

25% rise for H. Brammer

FOR 1976 pre-tax profit of H. Brammer and Company advanced by 25 per cent. to £3.14m. and adjusted earnings per 20p share improved from 12.1p to 13.3p.

Mr. John E. Head reports that although trading was somewhat restricted and competitive, the general trend to "repair and maintain" favoured the group's major investment in industrial distribution and services. He anticipates a similar rate of growth in 1977 and says first quarter trading results substantiate this progress.

The final dividend payment of 2.16p net effectively raises the year's total from 2.8133p to 3.0933p.

	1976	As published 1975	Restated 1975
	£000	£000	£000
External sales	21,888	20,447	16,354
Trading profit	2,857	2,626	2,480
Interest received	50	*117	*94
Profit before tax	3,137	2,509	2,315
Tax	1,651	1,327	1,224
Net profit	1,306	1,182	1,091
Minority interests	13	7	7
Extraordinary items	—	357	274
Attributable	1,493	794	784
Dividends	291	274	274
Retained	1,192	520	520

* Exclude the results of Replacement Services and F. S. Reap and Co., two subsidiaries disposed of on December 10, 1975.

Turnover for the year was £21.09m., compared with £20.45m., an increase of £1.19m related to the sales of Replacement Services and F. S. Reap to the date of their disposal in December 1975.

Mr Head points out that the current trading results and those restated for 1975 demonstrates the progress made by the group in 1976. This and the strong balance sheet confirms the wisdom of the directors decision to withdraw from automotive component distribution, he says.

The group's business is now that of the distribution of replacement bearings, power transmission products and other component to U.K. industry. In addition it manufactures speciality transmission belting and moulded and extruded rubber components.

● **comment**

Brammer's 35 per cent. profits rise on restated 1975 profits shows what can be done by streamlining and specialisation. Each of the three divisions have added new products and gone into new markets, especially on the Continent. And the policy of broadening the base in specialised products has started a momentum that is continuing into the current year. With a slimmer outfit, Brammer is earning about 80 per cent. of capital employed (including cash). But the other side of the coin is that the £1.9m. cash lying idle in the business is earning at less than 11 per cent. a year. When management finds a suitable use for these assets, Brammer should move even faster ahead. In the meantime, the shares at 80p yield just under 6 per cent. and the p/e is 5.

Audio Fidelity better so far

Taxable profit moved ahead from £138,218 to £196,709, for hi-fi equipment makers, wholesalers and retailers Audio Fidelity for the half year to October 31, 1976.

Second half profits will be affected by sharply increased bank overdraft charges, the directors state. Exports by the manufacturing side are currently running considerably higher with an overall beneficial effect despite heavy promotional costs, they add.

After tax of £99,173 (£66,945) the net profit came out at £97,534 (£71,373). For 1975-76 a net dividend of 1.8p per 10p share was paid from profit of £0.35m.

The company has close status.

Aberthaw & Bristol advances

IMPROVED pre-tax profit of £1.68m. against £1.56m. is reported for 1976 by Aberthaw and Bristol Channel Portland Cement Company. Sales were ahead by £2.19m. at £15.24m. The advance was forecast at halfway when profit was down from £0.8m. to £0.72m.

Stated earnings per 25p share were 21.28p (20.4p) and the net dividend is raised to 6.05p (5.5p).

Huntleigh shows progress

After tax of £467,544 against £278,503, and extraordinary items, Huntleigh Group achieved an advance in profit from £311,424, to £403,161 for 1976. Sales were £1.97m. better at £5.61m.

By the interim stage net profit was ahead at £168,000 compared with £115,000, and an improvement at full-time was forecast.

Stated earnings per 10p share were better at 12.4p (9.5p) and a net final of 1.06p lifts the total to 2.11p (1.919p).

The directors point out that the comparative figures for 1975 have been adjusted.

The company's interests include engineering and electronics.

Clarke Nickolls lower

Though steady at the half-year with £141,246 against £139,855, property investors and developers Clarke, Nickolls and Coombs slowed slightly in the second half to end 1976 £35,606 down at £346,042. An associate company contributed £108,925, compared with £100,136, to the total.

Stated earnings per 25p share showed improvement at 4.75p (4.01p) and a net final dividend of 0.9576p lifts the total to 1.7667p (1.5963p). At year-end net assets per share were stated at 82p (80p).

Tax took £103,371 (£174,799) leaving a net balance of £242,671 (£196,849). Minorities took £5,356 (credit £3,900) and there was an extraordinary debit of £57,895 (credit £861).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberthaw and Bristol	6.05	July 1	5.5	6.05	5.5
Boosey and Hawkes	4.68‡	—	4.41	6.99	6.35
H. Brammer	2.16	—	*1.88	3.09	*2.81
Bryant Holdings ...int.	2.19	May 31	2.13	—	2.02
Camrex	1.77	—	1.61	3.24	2.95
Cape Inds.	4.71	—	4.28	7.35	6.68
Clarke, Nickolls ...int.	0.96	July 18	0.87	—	1.6
J. E. England	0.94	June 4	0.86	1.27	1.16
Expanded Metal	1.64	—	1.49	3.01	2.74
Garton Cooper	2.64	July 1	2.64	5.1	4.64
Glaxo ...int.	4	June 24	3.15	—	9.14
Grovebell	0.3	June 8	Nil	0.8	Nil
Highland Distilleries int.	0.8	June 7	*0.7	—	*2.59
Huntleigh	1.06	—	0.97	2.11	1.92
I. and J. Hyman	0.18	July 15	0.16	0.18	0.16
Malayalam Plants. ...int.	0.35	May 18	0.35	—	1.48
Metal Closures	2.27	June 8	2.03	3.77	3.43
Moran Tea ...int.	5.0	May 25	3.0	—	9.0
Municipal Props.	4.56	—	4.15	4.56	4.15
M. F. North	0.56	June 21	0.49	0.8	0.71
Ocean Trnsprt. & Trading	3.85	June 1	3.5	7.33	6.66
Padang Rubber	1.0	—	0.75	1.0	0.75
Peters Stores ...int.	0.3	May 3	1.98	—	2.45
Rotork	1.06	May 26	*0.23	*2.12	*0.43
Rugby Portland Cement	1.92	July 4	1.47	3.12	2.83
York Trailer	1.18	—	1.05	1.92	1.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

Rotork expands to £3.3m.

THE PROFIT growth shown by Rotork, the valve control group, in the first half of 1976—when profits up from £1.14m. to £1.56m. were reported—has been maintained in the second half and the total for the year emerges £0.94m. ahead at a record £3.3m.

The directors say that the year, as expected, was one of consolidation. Although margins were maintained, the growth rate slowed down from that of the exceptional years of 1974 and 1975.

About 75 per cent. of group turnover—up from £11.37m. to £12.09m. in 1976—came from direct exports and sales by the overseas companies in the actuator division. Italy, France, Canada and the U.S. all traded successfully, producing over £1m. towards profits for the first time.

The current year has started well. Order levels are above the recent average and ample resources are available to take advantage of an upturn in trade, the directors report.

The year's net profit emerges ahead from £1.14m. to £1.74m. and earnings per 10p share are up from 13p to 20.5p.

In the context of the rights issue a year ago the dividend total is raised effectively from 0.445p to 2.115p net on the higher capital with a final of 1.0575p.

	1976	*1975
	£000	£000
Group turnover	12,091	11,366
Profit before tax	3,298	2,357
Taxation	1,476	1,347
Net profit	1,822	1,010
Extraord. debits	-53	†126
Leaving	1,746	1,136
Dividends	173	34
To reserves	1,567	1,102

* Figures include relevant amounts for six months in respect of Electropower Gears. † Credits.

There have been changes compared with 1975 in accounting policies. The balance of deferred tax account has been retained at the amount stated at December 31, 1975, and credit has been taken for unrealised exchange gains. On the 1975 basis, a further £190,000 would have been transferred to the deferred tax account, and £115,000 representing unrealised exchange gains, would not have been taken credit for in the profit and loss account.

On the 1975 basis, group profit after tax before extraordinary items for 1976, would have been £1,517,000, and earnings per share would have been 17.0p.

● **comment**

The 80 per cent. rise in earnings at Rotork is flattered by the rights issue and two accounting changes. A more accurate picture of progress made is the 31 per cent. increase in earnings per share using the 1975 accounting methods. In fact. demand for actuators in 1976 was not particularly buoyant and some part of that growth in profits was probably due to the edge which the devaluation of sterling gave to Rotork's export effort. The coming year, however, could see a substantial improvement on the trading front: the capacity of the American plant will be increased and sales of both the new and old sea trucks could really jump. In view of this, the p/e of 5.4 on the shares at 112p does not seem demanding (the new low tax charge notwithstanding) But the yield is a mere 2.9 per cent. even after what the company believes is the biggest percentage increase permitted under dividend restraint.

Good year seen by Ratcliff

Indications are that the current year will be a good one for Ratcliff (Great Bridge) but this will depend upon the efforts of the U.K. and Canada to control inflation, says Mr. F. R. Ratcliff, chairman, in his annual statement.

He tells members that group capital expenditure was freed modestly in 1976 but will not be able to reach the levels desired until Great Bridge until full confidence has returned to the U.K. economy.

As already known, pre-tax profit for 1976 advanced from £0.73m. to £1.27m. and the dividend is raised from 1.544p to 1.6984p net.

At Great Bridge trading finance requirements were increased "substantially"—largely due to higher metal prices brought about by the fall of sterling during the year and the directors are having to pursue a cautious policy on development spending until sterling stability is assured.

Grovebell improves to £50,000

On turnover up 50 per cent. from £1.67m. to £2.5m. Grovebell Group shows pre-tax profit for the year ended November 30, 1976, 66 per cent. higher at £49,523. At halfway profit jumped from £1,945 to £28,008.

Stated earnings per 5p share were 1.4p (1.1p) and the net final dividend is 0.3p making a total of 0.8p (nil).

After tax of £18,444 (£2,021) net profit was £31,079 (£27,749). In 1975, after allowing for extraordinary debits of £50,388, incurred in reorganisation, there was an attributable loss of £22,639.

Following a revaluation the company's Farnham property has been written down to £362,000 compared with the previous book value of £439,574 the directors report.

The company's principal activities are the distribution of motor vehicles and touring caravans through subsidiary Holden and Hartley (Burnley). Another subsidiary, Grovebell Limited, owns freehold industrial and commercial property at Farnham, Surrey, which is leased

Best ever £3.2m. by Expanded Metal

First-half 1976 turnover of Expanded Metal increased from £17.23m. to £22.5m. and profit improved by £0.71m. to a record £3.22m. subject to £1.74m. (£1.33m.) tax.

For the first half, profit was up from £1.11m. to £1.58m.—in September last year the directors said they expected a marked increase for the year.

Stated earnings per 25p share were 9.64p (7.73p) and the net final dividend is 1.6389p for a total of 3.0139p (2.739925p), the maximum allowed.

The directors state that the volume of investment in new development at home and overseas is now at a level where it may not be possible to absorb such costs without affecting results during a year such as 1977, when profits could be under some pressure due to the difficult conditions in some of the sectors served.

The group balance-sheet shows substantial increases in stocks and debtors due to a combination of general inflation, higher rate of turnover and a real increase in the volume of raw material stocks at the year end. Stock appreciation relief, applied to the increased stock value, will significantly reduce the amount of tax to be remitted in January 1978.

Current forecasts for 1977 indicate that capital expenditure and working capital cash requirements for present activities are well within its resources and the short-term borrowing facilities available to the group.

The directors say the company is well equipped to deal with a much increased volume of traditional products and wherever demand for exports arises. They have sufficient confidence to proceed with a substantial capital expenditure programme.

● **comment**

After a 42 per cent. pre-tax increase at half-time, Expanded Metal managed only 17 per cent. in the second half. Margins also declined—2½ points from the comparable period and 2 points from the first half. Steel stockholding is the volatile element; between the two halves it changed from a seller's to a buyer's market. On the other hand the main manufacturing side, in expanded metals and plastics, held up well. A further tranche of the Eurodollar loan has probably been paid off, so a current capital investment programme perhaps twice that of last year's is not excessive. At 75p the p/e is 7.6 and the yield 6.2 per cent., with little excitement likely until the prospects for the new Explosafe product are clearer (perhaps towards the end of this year).

Statement, Page 25

Peters Stores falls at halftime

The profit decline continued at leisure wear retailers Peters Stores in the 26 weeks to December 25, 1976, with the pre-tax balance falling to £121,689, against £311,549. Sales were marginally down at £2.74m. compared with £2.85m.

Turnover and profit will continue to be restricted until there is an increase in public spending power, say the directors. Overhead expenses have been substantially reduced and operating efficiency increased to such an extent that the group is well placed to gain the maximum advantage from any upturn in sales.

Stated earnings per 10p share fell to 1.8p (4.7p) and the net interim dividend is cut to 0.3p (1.975p). Last year payments totalling 2.445p were paid from profit of £332,979.

After tax of £63,000 (£162,000) the net balance emerged at £58,689 (£149,549).

Camrex growth to peak £1.9m.

AN ADVANCE from £1.21m. to a record £1.91m. in group pre-tax profit is reported by Camrex (Holdings), paint makers, corrosion engineers and contractors for 1976.

This result stemmed from higher turnover of £24.52m. against £20.84m.—exports increased by 46 per cent. to £11m.—together with increased efficiency. The directors report that there has been a very substantial improvement in the already satisfactory liquid position.

Earnings per 20p share are up from 7.51p to 11.77p, and the dividend is raised by the maximum permitted—from 2.95p to 3.24p net, with a final of 1.77p.

	1976	1975
	£000	£000
Turnover	24,522	[illegible]
Group profit	1,962	[illegible]
Depreciation	356	[illegible]
Exceptional item	†190	[illegible]
Profit before tax	1,906	[illegible]
Tax	954	[illegible]
Net profit	952	[illegible]
Minorities	49	[illegible]
Available	903	[illegible]
Dividends	249	[illegible]
Retained	654	[illegible]

† Additional contribution to the pension fund.

● **comment**

Ignoring exceptional items Camrex has finished 1976 with profits 38 per cent. higher pre-tax, in line with most expectations. The growth rate eased in the second half—to about a fifth after a 60 per cent. jump at half-time—but the outlook is still fairly encouraging. Exports rose by 48 per cent. last year and the group is still pushing ahead in these markets. Moreover, Camrex is only now beginning to see the first real benefits from the restructuring of the contract painting side which followed the introduction of new management a couple of years ago. Net overall debt is now down to around £0.46m., against £2.3m. a year ago so the shares at 61p, yielding 8 per cent. on a p/e of 5 should be on reasonably firm ground.

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Ocean Transport well over forecast at £41m.

SECOND HALF profits of Ocean Transport and Trading have more than doubled from £12.35m. to £25.5m., taking the total for 1976 up to a record £41.2m.—well above the forecast of around £32m. made at the interim stage. The result represents more than a full recovery following the drop from £29m. to £22.6m. in 1975.

At the trading level the year's profit showed an increase from £14.8m. to £22.17m., but this was before taking in investment income and interest up from £4.62m. to £8.2m. and the share of profits of associates which jumped from £11.94m. to £22.32m.

After tax, exchange debits of £3.24m. (£0.84m. credits) and heavier minorities, the attributable balance emerges just ahead at £13.76m. against £13.3m. Earnings per 25p unit, before extraordinary credits of £17,000 (£2.59m.), amounted to 12.8p compared with 11.52p.

The dividend is stepped up from 6.6646p to 7.337p net, with a final of 3.8475p.

	1976	1975
	£000	£000
Turnover	332,735	311,513
Trading profit*	22,172	14,886
Investment income, etc.	8,202	4,620
Interest payable	15,997	19,460
Profit since disposal etc.	2,401	3,953
Share of associates	21,315	†11,944
Profit before tax	41,204	22,580
Taxation	20,313	10,552
Net profit	20,882	12,029
Exchange debits	3,240	842
Minorities	3,897	2,157
Extraordinary credits	17	2,587
Attributable	13,764	13,380
Dividends	8,658	8,626

* After depreciation £17.9m. (£16.74m.). † Includes £1.2m. arising from change in accounting dates.

See Lex

Joint ventures in publishing and an extension of conference activities.

Held back by the failure to gain a breakeven situation in Belgium, pre-tax profit for 1976, already reported, amounted to £1.22m. resulting in earnings per share of 5.23p (5.72p).

Meeting, Savoy Hotel, W.C., on April 29, at noon.

Statement, Page 22

Solicitors' Law sees return to £1.34m.

Despite the overall trading climate not indicating any dramatic improvement in the current year, Mr. R. A. Hodges, chairman of Solicitors' Law Stationery Society, says he hopes to see a return to the profit levels of 1975, when a pre-tax figure of £1.34m. was recorded.

Prospects for the group are "very good" but the rate of development and expansion will depend upon the national economic situation. However, he points out that the home market has at least maintained its profit record.

He explains that the development into Europe is a necessary move for the group's prosperity and, through existing companies, will be further strengthened by

J. England doubles to £1.11m.

HARVESTING the benefits accrued due to the potato shortage J. E. England and Sons (Wellington) doubled taxable profit to £1.11m. for 1976 on a surge in turnover from £19.86m. to £37.33m.

At half-way when reporting a profit rise from £187,931 to £602,602 the directors said they expected a second season of potato shortage and high prices because of last year's drought. During the ensuing 12 months this was likely to lead to profitable trading including opportunities for imports and also a high return from potato growing. In the event second half profits advanced from £417,000 to £512,000.

Yearly earnings per 5p share are shown to have jumped from 5.25p to 10.47p and the final dividend payment is 0.941p net for a 1.271p (1.1555p) total.

Profit is struck after a £125,050 (£60,000) contribution to the company's pension scheme. Tax took £589,786 compared with £300,549.

The company operates as merchants and growers of grain and produce.

M. F. North more than doubled

An advance by hotel proprietors M. F. North anticipated at midterm, when taxable profit was up from £5,500 to £39,300, saw the full-time figure for 1976 jump by £228,925 to a record £445,936. Turnover was better at £2.85m. against £2.15m.

Stated earnings per 10p share were up to 2.56p (0.62p) and a net final dividend of 0.559p makes a maximum permitted total of 0.804p (0.713p).

Since January 1, 1976 no further transfer to tax equalisation has been made in respect of the excess of the tax allowances for fixed assets over the depreciation charge because, in the opinion of the directors, the present balance in the account is adequate to provide for any tax liabilities arising from this source in the reasonably foreseeable future. Under the previous policy the tax charge would be increased by £65,376. The 1975 comparative figures have not been amended.

	1976	1975
	£	£
Turnover	2,845,950	2,149,168
Hotels	2,791,782	2,149,168
House-building	54,198	—
Trading profit	445,235	207,510
Net int. payable	1,004	*7,974
Investment inc.	1,797	1,127
Pre-tax profit	445,936	217,011
Taxation	169,324	133,884
Net profit	276,612	83,127
Extraord. credit	44,156	†45,305
Attributable	320,768	38,512
To cap. reserve	44,156	‡45,305
Dividends	101,400	94,109
Surplus	175,212	§16,983
Carried forward	2,290,410	2,071,051

* Receivable. ‡ From reserve. † Debit. § Deficit.

Boosey & Hawkes up £0.4m.

AFTER BEING up from £0.73m. to £0.9m. at halfway, pre-tax profit of music publishers and instrument makers, Boosey and Hawkes, rose from £1.7m. to a record £2.13m. for 1976.

Turnover was up from £12.4m. to £17m. and tax took £1.16m. (£1.02m.).

Stated earnings per 25p share are 24.4p (16.9p) and the gross dividend total is 6.99p (6.35p), *with a final of 4.68231p.*

Mr. H. P. Barker, chairman, says "the increased sales were partly due to the consolidation of Hammond Organ (U.K.) into the group consequent upon the purchase of the remaining shares in 1975. Offsetting this, the fire at Edgware in January 1976 caused a loss of sales, though, because of the insurance, not a corresponding loss of profit.

ANGLIA TV

Anglia Television is proposing to capitalise £1.1m. from reserves by creating 4.4m. non-voting 25p "A" shares and recommending a scrip issue of one new non-voting "A" share for every "A," "B" or "C" share held. Renounceable certificates will be posted on May 6 and dealings are expected to commence on May 9.

Glaxo up £11m. at half-time

WITH SALES showing an increase from £190m. to £237.1m. Glaxo Holdings has lifted pre-tax profits by £11.2m. to £39.25m. for the six months ended December 31, 1976.

The directors report that demand has continued to grow with the result that group sales, excluding wholesaling, in the half year were £185.6m.—an increase of over 26 per cent. Sales to external customers in the U.K. rose by 30 per cent. and to those abroad by 25 per cent. Total exports from the U.K. at £52.6m. were 22 per cent. higher.

The group's new anti-hypertensive, Trandate, was introduced into the U.S. market last month and the directors expect this product to make a significant contribution to results in future years.

The profit was struck after loan stock and bank interest less income from investments and deposits of £450,000 (£960,000). Providing tax of £20.1m. (£14.32m.) and minorities £750,000 (£580,000), the attributable balance emerges at £18.4m. against £13.19m.

The interim dividend is stepped up from 3.15p to 4p net—the total for 1975-76 was 9.14p paid from profits of £73m.

The half-year figures include results of overseas subsidiaries converted into sterling at rates of exchange ruling on December 31, 1976. Those originally published for the half year to December 31, 1975 have been adjusted by applying the rates of exchange used to prepare accounts for the full year to June 30, 1976.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—William Boulton, City of London Brewery and Investment, Thomas French.

Finals—Bank of Scotland, Barbers' Investment Trust, Grattan Warehouses, Greenbank Industrial, Hambro Life Assurance, House of Lerose, Marshall's Universal, Mollus, Wm. Morrison Supermarkets, Oil Exploration, Richards (Leicester), G. W. Sparrow, Thomson Org., Unicorn Industries.

FUTURE DATES

Interims—	
Coronation Syndicate	April 13
Kent (M. P.)	April 14
Lawrence (Walter)	April 14
North Atlantic Securities	April 13
Startrite	April 14
Tweedside United Collieries	April 15
United Wire	April 7
Finals—	
Bank of Ireland	May 5
Bowthorpe	April 14
British Rollmakers	April 6
Clydesdale Investment	May
Dickie (Rod)	April 6
Edwards (Louis C.)	April 6
Ennia N.V.	April 7
Finlay (John)	April 12
General Commercial Invest. Trust	April 13
Great Northern Telegraph	April 14
Harrison and Sons	April 14
Hestair	April 19
Jersey Gen. Invest. Trust	May 11
Lead Industries	April 19
Leigh Interests	June 9
Owen Owen	April 19
Rio Tinto-Zinc	April 14
Tarmac	April 27
Tricentrol	April 20
Ward White	April 22

* Amended.

Bryant Hldgs steady at £1.08m. halftime

TAXABLE profit of building contractors, civil engineers and property developers, Bryant Holdings was steady at £1.08m. for the half year to November 30, 1976, compared with £1.03m.

Earnings are shown to be up from 2.13p to 2.19p and the net interim dividend is 0.8671p (0.7883p)—the previous year's total was 2.0233p and profits £2.39m.

First half profit includes £50,000 from associates, against a loss of £125,000. Turnover was £33m. (£37.4m.) and tax took £0.64m., compared with £0.6m.

The directors report that private homes sales have been satisfactory though margins have been severely squeezed in the second quarter through an inability to pass on increased costs due to the downturn in the market.

An increased volume of building and civil engineering contracting has been carried out on a profitable basis but with reduced margins. With the substantial cutbacks in all construction activities, the company has been unable to top up its order book as it would wish.

There has been an improvement in property lettings and this activity has maintained its turnover.

"Our financial resources remain strong. With an improvement in the supply of mortgages due to the advent of lower interest rates and a maintenance of the results in contracting, we expect a satisfactory outcome in the full year," they add.

● comment

A first-time contribution from the 25 per cent. stake in Concrete has pulled Bryant's associates out of the red and kept the interim pre-tax level 5 per cent. ahead, despite an 11 per cent. drop in operating profits. A full point slide in operating margins tells the tale about trading conditions during the first half. Both housebuilding and civil engineering felt the squeeze from this and produced lower half-time profits. Conditions on the housing side have improved slightly since the half-year and the Concrete profits should continue to more than offset the losses from the property associates. But unchanged profits are probably the best that can be hoped for in the full year. The outlook beyond the current year is also unexciting. Housing margins should improve more markedly towards the end of 1977 but by this time the full force of the public expenditure cuts will probably be hitting the contracting side, and profits are likely to remain on a plateau. The shares at 22p may therefore have to rely more heavily on the well above average prospective yield of 16.2 per cent., covered 2.1 times by historic earnings.

Statement, Page 24

I. & J. Hyman earns and pays more

As forecast at mid-way—when an increase from £53,757 to £100,886 was reported—pre-tax profits of I. and J. Hyman showed a satisfactory improvement for 1976 with £427,616 against £339,152 for the previous 12 months.

The dividend is stepped up from 0.1623p to 0.17875p net on earnings ahead from 2.26p to 2.46p per 5p share.

	1976	1975
	£	£
Turnover	4,025,113	3,133,145
Share of Assoc.	171,512	211,364
Pre-tax profit	427,616	339,152
Tax	236,298	165,709
Minority profits	4,735	2,275
Retained	172,333	160,389

ARBUTHNOT LATHAM

Arbuthnot Latham Holdings has purchased for cancellation £451,901 nominal of its 5½ per cent. Convertible Unsecured Loan stock 1982.

76% profit improvement for Jefferson Smurfit

The forecast of record profits at Jefferson Smurfit Group turns out to be £10.6m. pre-tax for the year to January 31, 1977, compared with £6m., an increase of 76.7 per cent.

The second half finished strongly with £6m. (£3.56m.).

For the year external turnover at £140m. was almost double the previous year's £78.8m. The results include on a consolidated basis the figures of Time Industries Inc. (now Smurfit Industries Inc.) in the U.S. for 11 months and Alliance Alders in the U.K. for 10 months.

Since the end of the financial year the group has acquired the outstanding 49 per cent. equity of Time Industries—its conclusion accounts for additional sales of £40.4m. and incremental pre-tax profits of £1.1m. net of interest costs.

The directors state that there are solid grounds for optimism. Results to date are good and order books relatively full. Business confidence is reviving in the U.K. and Ireland—the U.S. remains solid and Nigeria continues to boom.

Capital expenditure of the order of £7m. is planned in the current year. The company is well placed to continue its growth pattern established over the last decade, they add.

Diluted earnings per 25p share are 14.8p, compared with 11p adjusted for the one-for-three scrip—the final dividend recommendation will be announced next month.

Assets per share increased from 55.9p to 82.2p and borrowings (net of cash) up from £8.4m. to £12m., were 52 per cent. of shareholders funds and government grants. Although the group spent more than £9m. during the year in increasing its interests in Alliance Alders and Time Industries, borrowings remain at a comfortable level.

In Ireland there was an overall improvement in trading conditions with good results from the packaging companies. Distributing recovered well but losses were recorded in print, publishing and office equipment.

A good business climate developed in the U.K. during the year with a strong showing in cartons and specialist print—there were reasonable returns in corrugating and improvements in flexible packaging but there were still some ongoing problems and positive, though inadequate figures in paper making.

The U.S. had a disappointing fourth quarter, somewhat reflecting trends in the industry as a whole, and which tended to spoil good cumulative results which, nonetheless, were 27 per cent. ahead of 1975.

Business in Nigeria continues to flourish.

● comment

Clearly the market expected much of Jefferson Smurfit for the shares fell 10p to 148p on the results. Despite the higher tax charge and minorities, attributable earnings showed a rise of 35 per cent., only a small part of which was due to acquisitions. The improvement reflects better trading conditions in most areas and should be followed by another year of growth. For some years now the compound rate of earnings per share growth has been about 30 per cent. and 1977 should be a more favourable year. Nigeria will probably star again while profits in the U.S. will benefit as a new mill comes on stream. Also it is worth noting that Smurfit is now more vertically integrated and geographically diverse than it used to be, so when the downswing eventually comes, it should have less impact. The total dividends for the year have not yet been announced: if maintained at last year's level the yield would be 5.6 per cent., or if increased in line with earnings, 7.5 per cent.

Statement, Page 24

RESULTS AND ACCOUNTS IN BRIEF

BARROW HEPBURN GROUP—Results, year to January 1, 1977, reported March 18. Fixed assets £14.4m. (£13.39m.), current assets £33.85m. (£24.48m.), current liabilities £30.78 (£22.62m.). Increase in net liquid funds £1.95m. (decrease £3.19m.). Chairman says outlook for year is of further improvement. He comments that the directors do not believe that progress in worker participation can be achieved by the legislation implied in the Bullock Report. Meeting, Dorchester Hotel, W., April 25, at 11 a.m.

BCA—Results for 1976 already known. Fixed assets £5.7m. (same). Net current assets £834,427 (£573,482). Decrease in cash balance £200,902 (£23,656 increase). Increase in short-term investments £370,183 (£630,000 decrease). Meeting, Portland House, SW., April 27 at noon.

BROADSTONE INVESTMENT TRUST—Results for 1976 reported February 23. Investments £25.5m. (£23.8m.) current assets £1.38m. (£1.18m.), current liabilities £0.63m. (£0.59m.). Increase in net liquid funds £0.24m. (decrease £0.59m.). Net asset value per 20p share 162p (151.5p) or 160.5p (151.5p) fully diluted. Prudential Assurance Company holds 24.5 per cent. Meeting, 120, Cheapside, EC., April 28, at noon.

ELSBURG GOLD MINING COMPANY—Results for 1976 already known. Fixed assets R144.9m. (same). Current assets R1.42m. (R6.31m.). Current liabilities R1.42m. (R6.31m.). Meeting, Johannesburg, May 6.

JOSEPH NOYLE AND SON—Turnover £1,268,913 (£1,159,592) for half year to (£33,790) after depreciation £15,104 (£33,890) after depreciation £15,104 (£16,575), directors fees £10,183 (£9,800), interest £8,846 (£9,289) etc. Tax nil (same).

INVESTING IN SUCCESS EQUITIES—Results year ended January 31, 1977, reported February 23 with asset values. Since year-end the company has added to its holdings of U.K. stocks. Meeting, Regis House, EC, April 26 at 10.45 a.m.

INVESTMENT TRUST OF GUERNSEY—Results for 1976 reported March 11. Investments £8.44m. (£3.39m.), current assets £0.39m. (£0.34m.), current liabilities £0.36m. (£0.21m.). Increase in net liquid funds £0.03m. (decrease £0.09m.). Net asset value per 50p share 172.3p (159.1p). Chairman says slower rate of revenue increase expected but hopes to exceed previous year. Investments at year end exceeded book value at £7.98m. (£7.82m.). Meeting, Guernsey, April 22.

LIDEN (HOLDINGS) — Turnover for year to November 30, 1976 £3,287,055 (£3,233,124). Group loss £139,819 (loss £100,112) after all charges including tax credit £97,281 (debit £6,269). Loss per share 4.39p (loss 0.54p after extraordinary loss £48,796). No dividend for year (same).

LYDENBURG PLATINUM—Estimated net income before and after tax—rands 257,000 (281,800) for six months to April 30, 1977. Earnings per share 1.85 cents (1.81 cents). Interim dividend 1.75 cents (1.40 cents).

MERCANTILE INVESTMENT TRUST—Results, year to January 31, 1977, reported March 18. Total investments £79.97m. (£83.37m.), current assets £5.43m. (£10.38m.), current liabilities £3.16m. (£8.07m.). Liquidity decrease £2.44m. (£15.63m.). Auditors state that if treatment of unrelieved ACT were in accordance with standard accounting practice amount available would have been £1.61m. (£0.33m.). Chairman says he can see no reason to depart from present broad balance of investments. He is optimistic for improvement in earnings in current year. Meeting, Bucklersbury House, E.C., May 3, at noon.

RANDFONTEIN ESTATE GOLD MINING COMPANY WITWATERSRAND—Results for 1976 already known. Mining assets R113.75m. (R81.96m.). Net current assets R4.8m. (R10.9m.). Expenditure on contracts awarded R28m. (R5.95m.). Contracts not committed, R92m. (R9.9m.). Meeting Johannesburg, May 18.

RENONG TIN DREDGING—For half year to December 31, 1976. Pre-tax profit £28,679 (£28,765). Add profit on sale of assets £7,257 (£2,964). Interim dividend 1.5p (same) per 10p share, subject to 40 per cent. Malaysian tax. Board states Amang was told in November and with this sale the company's income will be derived mainly from interest on fixed deposits and dividends received from quoted investments.

RIVOLI CINEMAS—For six months to October 5, 1976, turnover of sales and entertainment receipts £52,090 (£53,605), investment income £29,280 (£24,366), pre-tax profit £39,073 (£26,908), tax £16,011 (£9,828). Extraordinary net surplus on sale of investments nil (£58,638). Retained £23,062 (£75,718). Earnings per 50p share 11.5p (8.5p). No interim dividend (same). The company is a close company.

ROBERT KITCHEN TAYLOR AND CO.—Results for year to September 30, 1976, reported March 31. Fixed assets £4.26m. (£1.97m.), current assets £6.86m. (£3.14m.), current liabilities £5.24m. (£5.39m.). London Trust Company holds 15.83 per cent. Chairman says RKT Textiles continues at a high level and order book is encouraging. Meeting, 16, Berners Street, W., April 27 at noon.

SALE TILNEY AND CO.—Results, year to November 30, 1976, reported March 18. Fixed assets £2.02m. (£1.52m.), current assets £13.72m. (£9.58m.); current liabilities £10.47m. (£7.78m.). Increase in working capital £1.09m. (£0.42m.). Electra Investment Trust holds 15.4 per cent. Charterhouse Group 11.2 per cent. Directors say present trading results are very encouraging and they believe the company will have another successful year. Meeting, 26, Queen Anne's Gate, S.W., April 27, at 12.30 p.m.

THOMAS JOURDAN—Results for 1976 already reported. Group fixed assets £1.41m. (same). Net current assets £460,349 (liabilities £250,585). Meeting, Kent House, S.E., on April 22 at noon.

U.S. DEBENTURE CORPORATION—Results, year to January 31, 1977, reported March 3. Investments £40.13m. (£49.9m.), current assets £1.18m. (£1.09m.); current liabilities £1.38m. (£1.1m.). Increase in liquidity £32,000 (£42,000). Prudential Assurance Company holds 13.09 per cent. of preference capital. Directors say they intend to maintain a high overseas content by direct investment and through British multi-national companies having either substantial overseas capability or a high degree of exported sales. Meeting, Cayzer House, E.C., May 4, at noon.

OTTOMAN BANK—Results for 1976 already known. Fixed assets £3.83m. (£2.81m.), cash in hand and at bankers £14.78m. (£16.53m.), money at call and short notice £42.64m. (£30.97m.), investments £26.53m. (£30.82m.) advances £169.46m. (£128.98m.); deposits £256.6m. (£194.53m.). Meeting, Great Eastern Hotel, E.C., May 4 at 12.30 p.m.

WESTERN AREAS GOLD MINING COMPANY—Results for 1976 already known. Mining assets R226.51m. (R211.55m.). Net current assets R3.57m. (R9.32m.). Expenditure on commitments contracted for R1.7m. (R4.5m.). Commitments not contracted for R14.9m. (R16.26m.). Meeting, Johannesburg, May 6.

YORKSHIRE CHEMICALS—Results for 1976 reported on March 19, 1977. Group fixed assets £8.65m. (£7.39m.). Net current assets £13.75m. (£9.44m.). Increase in bank borrowings £849,000 (£1.09m. decrease). Decrease in cash balances £464,000 (£779,000 increase). Contracts placed but not provided for £794,000 (£1.15m.). Schemes approved but contracts not yet placed £1.79m. (£0.97m.). Prudential Assurance holds 1.04m. Ordinary shares. Meeting, Leeds, April 21, at noon.

Equity & Law to broaden new business intake

BECAUSE OF the changes in the flow of individual new business in the U.K. following the alteration to commission terms the Equity and Law Life Assurance Society is seeking to broaden its intake of individual business.

Sir John Witt, chairman, says that the group has introduced several new types of contract and others are in preparation. He is confident, therefore, that the group will continue to write a substantial volume of new business this year and in future.

The broad effect of the changes introduced by the Life Offices Association was to reduce drastically the amount of commission in respect of long-term policies and to increase that for short-term policies. As expected some brokers specialising in the provision of life cover for young lives have reduced their operations and this accounts for a significant part of the reduction from £999.6m. to £892.4m. in the new business written in 1976.

In Holland the group expects a further rise in new business this year despite increased competition from the major Dutch companies.

Referring to the Society's group pension schemes in the light of the new state scheme (which comes into force in a year's time) the chairman says he is hopeful that amendments to existing schemes together with new schemes will produce a good volume of new business this year, but in part this will depend on the Government amending the pay policy so as to permit extensions to group pension schemes without the cost having to be deducted from the amount of wage increases permitted under the policy.

Over the year £46m. new money was available to the Society in the U.K. for investment. There was a net disinvestment in equities of £19m. (disregarding the investment of £2.7m. in Equity and Law units in respect of unit-linked policies) and in property of £13m. A total of £70m. was invested in fixed interest stocks, almost entirely in British Government securities.

Sales of equities consisted of £11.8m. from U.K. equities and £7.3m. from overseas equities which was used mainly to repay a loan in overseas currencies of £5.8m. A further overseas loan of £4.5m. has been repaid since the end of the year.

Taking advantage of specially favourable opportunities, sales of properties were made totalling £15.8m.; such sales realised over £3m. more than the values at the end of 1975. In the Netherlands DFls.40m. (£10m.) was available for investment, almost all of which was used to purchase fixed interest securities.

As a result of the investment policy, while the expected income from the investments held at the beginning of the year was £28m. per annum, that from the investments held at the end of the year (after investing an additional £56m.) was £40m. per annum. Consequently the estimated running yield on the long term business fund increased from 8.3 per cent. gross to 9.9 per cent. gross, states the chairman.

Sir John plans to retire from the chair at the end of this month. His successor will be Mr. P. D. J. H. Cox.

Meeting, 20, Lincoln's Inn Fields, WC, April 27, at 12.15 p.m.

● comment

Although Equity and Law remains outside the Life Offices Association it has largely gone along with the changes in LOA commission rates and as a result has lost the business of certain large brokers, some of which have shifted to higher-paying non-LOA offices. Next July 1, when the full impact of the commission cut is felt, could be an important date here. But the company is developing new contracts to boost its new business levels (new annual premiums fell 15 per cent. in 1976) and the aim is to select more profitable areas, rather than seek volume for its own sake. Meanwhile Equity and Law's accounts show that it joined the move to gilt-edged investment last year, running down equities by £19m. and property holdings by £13m. in order to put almost £70m. into gilts (more than the £46m. which was available in the U.K. for net new investment).
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Statement, Page 23

£0.84m. rise for Metal Closures

THE PREVIOUSLY indicated improvement in the business tempo of Metal Closures Group has materialised and pre-tax profits for 1976 show a £0.84m. advance at £4.62m. The midway expansion was from £1.89m. to £2.08m.

During the year overseas activities, through subsidiaries, licensees and direct exports continued to be buoyant and earnings per 25p share rose from 8.61p to 10.09p. The final dividend is 2.2725p net for a 3.7725p (3.4296p) total.

Extraordinary debits of £262,000 (£416,000) consist of expenses and provisions relating to the reorganisation and relocation of group production facilities.

The group reorganisation has now been completed. Existing locations have been modernised and new buildings added; non-viable activities closed. The opportunity has been taken to improve the standard of services and working facilities and it is intended to make adequate investment to keep abreast of modern technology.

The group's liquidity position at the year end remained strong at £2.6m. and despite underlying difficulties with the economy the directors feel confident the group will acquit itself well in 1977.

● comment

The recovery at Metal Closures has gathered momentum in the second half with profits growth accelerating from 10 per cent. to 34 per cent. in the second half, and the contribution from overseas operations rising to 40 per cent. At home the physical reorganisation of John Dale has been completed though there was obviously some disruption in the early part of the year. Also 1976 takes in the Venus Packaging acquisition, which represents the company's first significant move away from metal closures. The hot summer no doubt boosted demand from the soft drinks trade but evidently profit margins there are low and the overall result was not as impressive as might have been expected. Having completed its reorganisation, Metal Closures is talking in terms of a growth rate similar to last year's 22 per cent., which indicates profits of £5½m. this year and drops the prospective p/e a point to under 6. The yield is 9½ per cent. at 71p.

Statement, Page 23

Highland Distilleries advance

SALES OF Highland Distilleries Company rose from £10.68m. to £15.77m. in the six months to February 28, 1977, and pre-tax profit was £1.23m., compared with £1.06m.

The net interim dividend is 0.8p, compared with 0.7p adjusted for the one-for-one scrip. Last year's total was equivalent to 2.585p and profits were £2.44m.

The directors report that sales of The Famous Grouse continue to expand in volume terms at a very healthy rate, particularly in the home trade. Sales of new whisky are lower than last year in keeping with the general pattern prevailing in the industry. Sales of matured whisky continue to be satisfactory.

● comment

The investment in Famous Grouse is certainly paying off for Highland Distilleries. At the end of last year it accounted for 70 per cent. of sales. Though the figures for the latest six months do not give a divisional split, it seems as if the contribution now is at least 75 per cent. and rising. This is particularly good news in view of the continuing drop in sales of "new" whisky and the low volume increase in bulk malts. (There is a strong connection here with Cutty Sark which may be losing its market edge in the U.S.) The company is also maintaining strict control of borrowings. Stocks are not thought to be declining, so, with interest charges up only £40,000 for the half year, there is some point to the company's claim that stocks are "self-financing." With continuing growth in Famous Grouse, the company looks set for at least £2.8m. this year where the 65p share price would give a 12.2 p/e.

York Trailer grows to £1.2m.

A SECOND half leap in taxable profit from £56,429 to £505,050 for York Transport Equipment subsidiary York Trailer Company lifted the full-time figure for 1976 from a depressed £561,429 to £1,189,050. Sales by the company, which makes and markets trailers for articulated vehicles and third axle assemblies, rose £4.11m. to £21.19m.

The figures include the results of Anthony Carrimore only from the date of its acquisition in August, 1976, the directors point out.

A net final dividend of 1.182p per 10p share raises the total to 1.919p (1.745p).

Tax took £620,000 (£366,000) leaving a net balance of £569,050 (£295,429).

The directors forecast a record total of not less than £1.6m. for 1977, subject to no serious problems with materials supply or industrial unrest outside the company's control.

Mr. F. W. Davies, the chairman, says that export and home sales are buoyant. New products are gaining both an increased market share and improved gross margins.

As a result of the acquisition from British Leyland of Scammell Trailers, announced on April 1, for £693,000 cash, the net worth, York will benefit from tax losses, carried forward, of about £500,000. Though Scammell has operated at a loss during recent years, it has been making small profits since the beginning of this year, and Mr. Davies forecasts an expansion of its sales and profits.

The chairman says that during the year York moves from stagnation in the first months to an exceptional backlog of unfilled orders nine months later. At the same time extreme production difficulties, occasioned by soaring costs and severe shortages, combined to produce sub-standard gross profits, especially in container manufacturing.

Sales to overseas customers accounted for close to 50 per cent. of group total volume, and a separate company, York Trailer International, has been formed to accelerate growth of international trade.

With both Carrimore and Scammell being purchased without recourse to any additional financing, the exceptionally high liquidity of a year ago does not apply now, Mr. Davies observes. But total borrowings are still within most acceptable limits at not more than 50 per cent. of the group's worth, he says.

● comment

Even taking into account a near £100,000 profit contribution from the Anthony Carrimore acquisition, an 80 per cent. jump in York Trailer's profits is a faster rate of recovery than had been anticipated in the market. The picture is one of a buoyant home market—trailer sales are in a cyclical upswing—and an expanding export market (around 50 per cent. of sales) boosted by Carrimore's hydraulic equipment. And the growth is continuing with a forecast this year of at least £1.6m., which seems highly conservative. Carrimore could make up to £½m. profit this year, and the Scammell acquisition will be making its first-time contribution which could be worth £100,000. So all in all profits for 1977 could be nearer £2m. rather than £1.6m., which drops the prospective p/e from 4¼ to just under 3½, and combined with a yield of 10 per cent. leaves the shares at 31p looking very fair value.

Optimism for 1977 from Ransomes Sims

A RATHER more favourable 1977 is likely at Ransomes Sims and Jefferies than was the case last year, Sir Peter Greenwell, chairman, says in his annual statement.

Referring to costs, prices and inflation, he hopes that some stability has now been achieved. Temporary price advantage from devaluation of the pound in overseas markets "is destructive of confidence and is all too soon swallowed up by increased costs at home."

As reported on March 1, pre-tax profit for the year to January 1, 1977 was £2.02m., compared with £2.44m. Sales were up from £23.52m. to £25.25m.

The results reflect a good performance by the farm machinery divisions with sales up 31 per cent., offset by disappointing sales by the grass machinery and electric truck divisions.

The chairman says that turnover has not yet risen enough to absorb the overheads at Ransomes France SA but prospects for achieving this in 1978 are more encouraging.

Mr. G. W. Bone has been asked to succeed Sir Peter as chairman.

A statement of source and application of funds shows a £1.18m. (£0.75m.) addition of funds—bank and cash balances decreased by £1.82m. (£2.01m.).

Capital expenditure approved by the directors amounts to £2.04m. (£1.63m.) of which orders placed are £0.35m. (£0.3m.).

Meeting, Ipswich, May 6, 3 p.m.

Statement, Page 25

Beatson Clark sees expansion

Current indications are that glass container manufacturer Beatson Clark and Company is within reach of the higher profit margins attained before 1973, the directors tell members.

In addition they announce that the capital expenditure programme, which had to be curtailed two years ago because of inflation and the need to reduce production, is to be resumed. Within the next 12 months, apart from the £394,000 commitments already authorised, another £500,000 will be spent on several major modernisation and improvement schemes. The reappraisal of investment has been made possible because of a lower bank overdraft which, at year end January 1, 1977, showed a decrease of £1.06m. (increase £7,000) to £0.38m. (£1.44m.).

As reported on March 22, on sales of £14.55m. (£12.02m.) taxable profit for 1976/7 climbed to a record £1.78m. (£1.07m.). The net dividend is raised to 4.616p (4.19635p).

The directors comment that though the profit may seem a remarkable achievement, examination of the company's ten year performance shows the profit/sales ratio has declined from a high of 18.25 per cent. in 1970 to a low of 8.26 per cent. in 1974 and for 1976 stood at 13.44 per cent.

Because the company is in a capital intensive industry the directors say the ratio should be over 15 per cent. to provide for adequate development and improvement of plant.

The major increase in business in the Middle East and Australia was maintained during the year and the company sought to spread its business on to an even wider basis, including Afghanistan, Paraguay and Zaire.

Meeting, Sheffield, on May 2 at 12.30 p.m.

Statement, Page 26

Montfort sees further growth in profits

Steady progress and a further increase in profits is likely at Montfort (Knitting Mills) for the current year, Mr. M. L. Meakin, chairman, tells holders in his annual statement.

At the same time the company will enhance its strength to achieve an accelerated rate of growth in the future, he adds.

Mr. Meakin says, however, that although the group embarked on the new trading year with the highest order books ever, and this situation has been sustained, "one cannot feel wholly confident that we shall be permitted to achieve so dramatic an improvement in our output and profit performance during 1977 as these figures would seem to suggest."

As reported March 10, pre-tax profit for 1976 increased from £0.26m. to £0.32m. on turnover up from £6.67m. to £7.8m.

The underwear subsidiary, W. Reynolds, returned to profitability, albeit at a modest level, but with excellent prospects for the current year, the chairman says. The improvement has enabled the company to resume recruitment and training at the Rossington factory.

Action has also been taken to rationalise the wholesale division to reduce its scale of operation by about one third.

Master Securities, and Mr. R. Djanogly and Mr. D. Djanogly are interested in 19 per cent. of the Ordinary capital.

Meeting, Leicester, April 28, noon.

Statement, Page 25

Rugby cement shows 10.5% increase

After a £0.22m. advance to £5.58m. at midway, pre-tax profit of Rugby Portland Cement Company expanded by 10.5 per cent. to a record £12.49m. during 1976—a result not without merit, says Lord Boyd-Carpenter, the new chairman.

And for 1977, he says that overseas activity should improve further while the U.K. is likely to continue to be difficult. In the belief that the U.K. building industry will in due course recover "we are doing a great deal to ensure that when the upturn comes we are able to meet it and at the same time we are investing substantially in efficient plant which will be economical in use of energy."

Stated earnings per 25p share for 1976 are 7.7p (7.2p) on a nil distribution basis and 8.2p (7.7p) on a net basis—dividend total is up from 2.833p to 3.116p net, with a final of 1.62p. They absorb £2.19m. (£1.99m.).

	1976 £000	1975 £000
Turnover	77,582	71,615
Trading surplus	16,305	14,580
Investment income	238	224
Depreciation	4,052	3,488
Pre-tax profit	12,491	11,305
U.K. tax	4,558	3,837
Overseas tax	775	859
Minorities	203	131
Extraordinary credit†	1,845	—

† To capital reserve—arises from the sale of wholly-owned subsidiary, Trinidad Cement, to the Government of Trinidad and Tobago with effect from July 31, 1976. In 1975 and 1976 5.0 per cent. and 1.9 per cent. respectively of the group turnover arose in Trinidad while the effect on group profits was not material in either year.

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Garton Cooper's £0.82m.

RECORD pre-tax profit of £0.82m., compared with £0.64m., is announced by Garton Cooper for 1976 after being up from £0.32m. to £0.34m. at half-time.

For the year basic earnings per 10p share are shown to be 12.3p (9.77p) and 10.9p (8.83p) fully diluted. The dividend total is lifted from 4.64p to 5.1039p with a final of 2.64p net, as forecast.

Mr. Aubrey Garton, chairman, says in his annual statement that as a result of the capital investment programme, the company is now well equipped to cope with the expected increase in demand. The first three months trading of the current year is comfortably ahead of the same period last year.

While the product range is wide and markets ever-broadening, factors which to some extent provide an inbuilt stability to trading —it is the intention of the directors to continue to seek opportunities for further expansion.

"Since the year end we have increased our manufacturing capacity by the acquisition of a small company in Lancashire. We now have manufacturing units in Scotland, the North West and the Midlands," he adds.

A resolution will be proposed at the AGM to change the company's name to Garton Engineering. Last July the 49.9 per cent. holding of Cooper Industries in the company was placed with institutions and Mr. Charles Cooper and Mr. Derek Jones, both directors of Cooper Industries, resigned from the Garton Cooper Board.

Garton Cooper makes precision engineering components, washers, pressings and circlips.

Meeting, Birmingham, April [illegible] noon.

	1976	1975
Turnover	[illegible]	[illegible]
Loan stock interest	[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]
Corpn. tax	[illegible]	[illegible]
To deferred tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Dividends	[illegible]	[illegible]
To reserves	[illegible]	[illegible]

CONTRACTS AND TENDERS

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MINING NEWS

A platinum maverick in Bantu homelands

BY KENNETH MARSTON, MINING EDITOR

THE South African Bantu Mining Corporation, a Government body which conducts mineral concessions in South Africa's black homelands, has dropped a bombshell into the laps of the platinum companies, including overseas groups, to co-operate in establishing a big platinum mine in the Bantu Mapulaneng homeland of Lebowa in the eastern Transvaal.

The area is some 200 miles from the existing platinum mines of Rustenburg but lies on the same Merensky Reef. The area, however, is that the area is more steeply to the Lebowa area and contains more chrome and rhodium, which creates metallurgical problems.

Rustenburg Platinum Mines and others hold mineral rights in the area, but in the past have taken the view that they prefer to develop their rights in the existing operating area, near to established infrastructure. However, Rustenburg indicated in its latest report that it was examining the Lebowa area.

The platinum "carrier" at Maandagshoek, by means of a pilot plant on the farm Driekop.

Dr. H. J. Hanekom, general manager of the Bantu Mining Corporation, said yesterday that the orebody amounted to 35m. tons at Maandagshoek. Companies interested in exploiting it were expected to spend a minimum of R200,000 (£134,000) on a shaft for bulk-sampling purposes, reports our Johannesburg correspondent.

At the end of a two-year investigation period, they will have to state their best terms for operating a mine, for taxation in the Lebowa homeland, where the deposit occurs, the planned rate of exploitation, and employment opportunities for black workers.

The embarrassment for Rustenburg and the Union Corporation group's Impala is that they have an obvious interest in trying to keep others out of the platinum mining business. Rustenburg, for instance, paid R16m. for the farm Blandskraal two years ago although there is no immediate intention to develop it.

Another major mine opening up in the hands of an outsider could cause problems in the currently subdued market for platinum that both groups will be anxious to avoid. But at the same time neither will be keen to commit itself to Maandagshoek at the present time when they have other reserves which could be developed first.

Fraser Island $A23m. claim

THE AUSTRALIAN Government has been presented with a claim for $A23m. (£14.5m.) over a company being prevented from mining beach sand minerals on Fraser Island, off the Queensland coast. D-M Minerals, a partnership of the Hawaii-based Dillingham Corporation and the Australian company, Murphyores Holdings, has submitted the claim.

D-M Minerals planned to mine 1.2m. tonnes of rutile and zircon at Fraser Island over the next 18 years but the Government refused to grant export licences until the Environmental Commission considered the situation.

The Commission recommended that Fraser Island become part of the national estate and the Government has accepted its advice.

The managing director of Dillingham, Mr. D. Hill, said the Government invited the partnership to submit a claim for compensation. Any payment would first be used to repay loans which totalled about $A14m. He said the partnership was taking legal advice on whether the Government could be challenged through the courts if it failed to meet the claim.

UNION MINIERE

Belgium's biggest non-ferrous metal producer, Union Miniere is reducing its 1976 dividend to B.Frs.600 (£52p) from B.Frs.700 for the previous year. The company puts part of the blame on the fact that the decrease in come in 1976 on its investments, which are considerable and principally in other Belgian companies in the same sector like Metallurgie-Hoboken, only showed up in its books last year.

In addition the fall of the U.S. dollar, in which Union Miniere earns much of its income, against the Belgian franc last year has led to some foreign exchange losses. Union Miniere has considerable interests in North America including its subsidiary, Union Seas which in the Ocean Mining Associates joint venture with U.S. Steel is in the new business of combing the sea floor for exploitable mineral nodules.

Increased mining activities have increased the amount set aside by UM for depreciation last year. The company's new Thierry copper mine in north-west Ontario came on stream last August at a time when copper prices were, and still are, depressed.

Belgium's Societe Generale de Belgique, which holds a 8 per cent. direct and 30 per cent. indirect stake in Union Miniere is clearly optimistic about the company's future. Earlier this year it increased its stake in Tanganyika Concessions to 30 per cent.; the latter holds 17.6 per cent. of UM and its shares were 142p yesterday.

CANADA RESUMES NUCLEAR TALKS

The Canadian Government has started a new round of negotiations with its main uranium customers in the European Economic Community. The aim is to reach nuclear safeguard agreements so that the three-month freeze on Canadian exports may be lifted.

Our Ottawa correspondent reports that the Canadian Government will try to negotiate temporary bilateral agreements with Britain, Germany and Italy. Once these agreements have been reached the Canadian Government feels that there will be more time and fewer pressures involved in reaching an agreement with the EEC as such.

Even if the short cut is successful, uranium shipments are still not expected to resume until the summer at the earliest. The bilateral agreements could only be temporary because the EEC's Euratom treaty calls for the free movement of uranium oxide within the EEC.

It is Canadian policy that uranium oxide should only be sold to those countries with whom nuclear safeguard agreements have been sold. It would only be able to accept the bilateral agreements if the nations involved in effect ignored the provisions of the Euratom treaty and undertook not to sell Canadian uranium to any other country.

Canada budget helps a little

WHILE Canada's Federal budget has made no move to alleviate the most serious tax problems worrying the mining industry, it has made some provisions to ease the burdens on the mines, reports our Toronto correspondent.

The chief items are: the deduction from taxable income of a 3 per cent. allowance from the value of inventories; the three-year extension of the investment tax credit, and a measure of particular interest to potash and asbestos mines to the extent of an involuntary disposition of their assets.

The first has a direct benefit in that it allows a company to deduct 3 per cent. of the value of its opening stocks of unsold metal or concentrate as at January 1.

The 5 per cent. investment tax credit is extended for another three years (to July 1, 1980) and it is expanded in two ways. First, it now recognises current and capital outlays on scientific research and development after March 31, 1977, and before July 1, 1980. The Minister said that this investment tax credit, coupled with the existing fast write-off for research costs, "should increase the efforts of Canadian businesses in this direction."

Second, there is an increase in the amount of the credit applying to capital investments in slow-growth regions. It goes to 7 per cent. in Northern Ontario, Manitoba and Saskatchewan, and to 10 per cent. in the Gaspe region of Quebec and the Atlantic provinces.

Where there is an involuntary sale of a Canadian resource property after 1976, the taxpayer now has the option of not being taxed on the proceeds in the year of disposition to the extent he applies those proceeds against Canadian exploration or development expenses in the succeeding 10 years. Previously, there was a year in which to invest the funds in a replacement property, a year almost impossible to achieve.

There is also an increased capital cost allowance for a company constructing a railway spur line to a mining property. This is seen as a fillip to development of the northern British Columbia coalfields.

But the Minister left alone the system which now amounts to double taxation. This results from a company not being allowed to deduct whatever provincial taxes or royalties it pays when calculating its federal taxes. Mining industry spokesmen also decry the fact that the Government did not extend to the mining sector the three-year additional earned depreciation provision of 68 per cent. of qualifying oil and gas costs. They claim the same philosophy should apply to mining.

Mr. Mervyn A. Upham, president of the Mining Association of Canada, said that there should be a special incentive for new mines coming into production in a fixed five-year period. He added that the Government should be encouraged to consider direct incentives to help stimulate more mining exports.

BIDS AND DEALS

Merger holds no benefits claims FMC

A formal document issued yesterday by FMC comes down firmly against the take-over bid from Thomas Borthwick. Mr. J. Clarfelt, the deputy chairman of FMC, tells shareholders that the merger would benefit only Borthwick on the basis that it needs British earnings for tax reasons and to "buttress its unpredictable overseas trading." He argues that the bid would not be to the benefit of the British farmer, the housewife, the British economy nor the FMC shareholder.

Mr. Clarfelt further claims that, contrary to the Borthwick view that the two groups are complementary, there is a direct conflict of interests and that Borthwick "hopes to use FMC to increase its sales of imported frozen meat into the U.K. at the expense of the British farmer."

He says that FMC has little to learn from Borthwick in the export of U.K.-produced meat and that the group has as much experience in modernising U.K. abattoirs as any of its competitors. The document also attacks the profits record of Borthwick and points out that the group incurred losses on its U.K. turnover in 1975.

Shareholders are told that, during the last 15 months, FMC has been engaged in a policy of reorganisation and rationalisation, which is continuing. "Your Board is committed to a policy of strengthening the position of FMC as an independent quoted company and as the largest wholesaler of fresh meat in Europe," he says. It is disclosed that FMC has acquired three abattoirs during the last week.

The document confirms the other side's claim that approaches were made in November, 1976, but describes Borthwick's references to earlier talks in 1975 as being "neither relevant nor accurate."

Elsewhere in the document, it is revealed that Mr. Clarfelt bought 50,000 shares in FMC between April and October 1976 at prices ranging between 30p and 47p per share.

A letter issued later by the Borthwick camp argues that "the British meat trade, the slaughtering industry and the livestock farmers need to see the emergence of a financially powerful industry leader broadly based within as well as beyond the home market." It says that: "To bring about a merger of our two companies is, in our view, a most worthwhile and statesmanlike objective in the true interests of the industry and our country. Borthwick's aim is co-operation. We threaten no-one."

A formal offer document is expected to be published to-day from rival bidders NFU Development Trust which holds 47.9 per cent. of FMC.

● comment

The tone of FMC's formal rejection of the bid from Thomas Borthwick must dispel all hopes of any kind of a deal being achieved in this affair. Thus all concerned are presumably back to square one, though there is still plenty of time left for further developments: the formal offer from the NFU Development appears to-day while the first closing date of the Borthwick offer is still a week off. Meantime, the FMC share price has now dropped an eighth in three trading days: yesterday's 5p decline to 98p puts it in line with the 97p cash being put up by NFU Development which in its turn is 28p below the under-written bid from Borthwick.

Town & City sales

Town and City Properties has announced further sales of its *Australian portfolio totalling* $A17.6m. (£11.3m.). This continues the series of sales of the group's Australian properties outlined by Mr. Jeffrey Sterling, chairman, at the annual general meeting last October.

At that point £29m. worth of the portfolio in Australia had been sold to the Commonwealth Superannuation Board. These properties had stood in the balance sheet of Town and City at £12m. The sales announced yesterday of £11.3m., a book value of just over £8.7m.

Town and City's sales over the past two and a half years total over £200m. It has now disposed of the bulk of its Australian assets.

NATIONWIDE LEISURE

Another appeal has been sent out to shareholders of Nationwide Leisure from Mr. J. M. Hutchings, the chairman, urging them to *reject the offer from British Car Auctions* which he describes as "preposterous."

Mr. Hutchings also denies that the Board of the company is divided and says that, together with financial advisers, all six directors recommended rejection of the bid. He states that Mr. H. Dobson, one of the directors, changed his mind later "for reasons which I cannot understand" and that he has not attended any Board meetings since at his own request.

HOLLAS GROUP

The Hollas Group has acquired W. J. Wood and Sons (Textiles) from Mr. W. J. Wood and his family. Consideration (which *included the assignment of a loan* account) was £105,000, satisfied by the issue of 313,038 Ordinary shares.

As at January 31, 1977 Wood had net assets of £90,000 and for the year to March 31, 1976 made profits before tax of £47,711.

A further 488,884 Ordinary shares in Hollas are being issued in settlement of the deferred *consideration payable to Stroud Riley and Co.* by Bonas Webb and the acquisition of £220,800 of the unsecured loan stock 1978-82 in Avon Heat Transfers (a subsidiary of Bonas Webb).

Of the new shares 628,882 are being placed privately by Henry Cooke, Lumsden and Co.

BATU MATANG

LYC Securities, the unquoted Malaysian concern which is engaged in a take-over battle with Consolidated Plantations (a subsidiary of Sime Darby) for control of Batu Matang, has received acceptances for its offer amounting to 5.28 per cent. Together with associates this raises the holding of LYC, which has 29.2 per cent. of the equity prior to the offer, to 34.52 per cent.

The offer of 105p cash per share has been extended and remains open until April 13.

Consolidated Plantations raised its rival offer last Friday and, at last night's closing price, the terms value each Batu Matang share at 112p with a cash alternative of 110p.

'FAGS'

Deltec Trust and L.E.T. Investments, together with associates, now own 40.25 per cent. of the Ordinary stock of Antofagasta (Chili) and Bolivia Railway and 34.28 per cent. of the 5 per cent. Cumulative Preference. Together these holdings represent 35.68 per cent. of the voting rights.

The offers have been extended until April 19.

LEISURE & GENERAL

Mercury Motor Inns, a subsidiary of Leisure and General Holdings, has agreed to purchase the Craighall Inn at Ellon, just north of Aberdeen, for £305,000 cash. This acquisition continues the company's planned policy of providing additional business and tourist accommodation and will be known as the Ellon Mercury Motor Inn.

READICUT

Readicut International announces that in accordance with the terms of its agreement to acquire the Plasticisers Group details of which were given in May 1976, the further consideration of £250,000 was satisfied on April 1, 1977; the settlement was wholly in cash, rather than in the option available of part cash and part Ordinary shares.

Further amounts are payable under the agreement equal to 25 per cent. of the before tax profits of the Plasticisers Group for the financial period ended March 31, 1977 and the three succeeding financial periods. These are also to be satisfied as to not less than half in cash and the balance by the allotment of Readicut Ordinary shares.

GKN GROUP

The Boards of Billiton (U.K.) and Firth Cleveland (a wholly owned subsidiary of Guest Keen and Nettlefolds) announce that Billiton has purchased Firland Metals, which incorporates all the lead product interests of the GKN Group, namely British Lead Mills, Brunton, Holman Michell and R. E. Roberts and Son. The value of net assets involved is £1.34m.

United Glass plans for major expansion

IN AN OPTIMISTIC statement the directors of United Glass say that the opportunities for all divisions are encouraging and the group's plans embrace an on-going investment programme of substantial proportions.

During the last four years UG has invested a total of £33m., of which £25m has been in the glass container division. A keystone of the expansion programme was the additional furnace at Alloa which was commissioned last year.

The directors report that the improvement in demand that occurred in the second half of 1976 has generally continued this year. Demand has been strong for glass containers so that unmoving output from the new furnace and the re-starting of another furnace have been most beneficial.

The closures and plastics division is expected to benefit considerably from the current rationalisation of its plastic operations now being brought together at its Norwich factory and is building a very active export programme in Europe and Scandinavia.

New ranges introduced by the Ravenhead Company strengthen further its international appeal and reflects the substantial and increasing share of the divisions business going for export. In the U.K. Ravenhead's growth is *coming from the higher share* of the depressed retail and licensed trade markets.

All divisions have entered 1977 with an exceptionally good range of advanced products and are well positioned in the market place, the directors report.

In the 50 weeks ended December 4, 1976, group pre-tax profits rose by 27 per cent to £6.56m. on sales 22 per cent higher at £100.88m. Direct exports amounted to £5.79m.—in addition it is estimated that about 25 per cent of production was exported by customers.

It is estimated that on a CCA basis the pre-tax profit would have been reduced by some £6m.

A statement of funds shows that there was a decrease in bank overdrafts and short term loans of £3.06m. (£1.26m.). At the year end they stood at £2.24m.

The capital of the group is held equally by Distillers Company and Owens-Illinois.

ABERDEEN LAND ASSOC. CLIMBS TO £66,000

For the half-year to December 31, 1976 City of Aberdeen Land Association reports a leap in taxable profit from £15,310 to £65,884 on turnover which soared from £23,000 to £337,085.

The directors anticipate similar performance in the second half to provide satisfactory cover for a forecast total net dividend of 4p per 30p share compared with 3p paid for 1975-76 on profit of £66,168.

The interim dividend, already announced, was maintained at 0.355p—since when capital has been increased by a rights issue.

Tax for the first six months took £34,200 (£7,961) leaving a net balance of £31,684 (£7,349).

The company is active in collection of feu duties and house building.

Padang Rubber pays 1p

Turnover of Padang Senang Rubber rose from £0.22m. to £0.39m. for the year ended September 30, 1976 and profit increased from £45,638 to £0.12m. before tax of £64,775, compared with £27,332. There were unrealised gains on investments amounting to £42,439, against £15,430.

Stated earnings per 10p share are up from 0.75p to 2.12p and the dividend is 1p net, compared with 0.74705p—Treasury has confirmed that due to the company's trading operations overseas, it is not subject to U.K. dividend restraints.

TCK

The directors of the TCK Group have requested that listing for the company's shares be temporarily suspended pending the outcome of discussions on the re-capitalisation of the group's press manufacturing subsidiary Keay Turner.

MONEY MARKET

Interest rates easier

Bank of England Minimum Lending Rate 9¼ per cent. (since March 31, 1977)

Short-term fixed period interest rates continued to decline in the London money market yesterday. Rates for periods of up to three months fell by 1-1 per cent. in the interbank market, but longer periods have shown less movement recently, leading to a situation where longer term rates are at about the same level, or in some cases above those quoted for short term money, for the first time this year. The easing of rates in the short end of the market yesterday generally reflected the abundant supply of day-to-day credit.

Overnight funds commanded 9-9¼ per cent. in early interbank dealings, but rates at the close were as low as 2 per cent. in places.

Discount houses buying rates for three-month Treasury bills eased below 8¾ per cent. in places, suggesting the possibility of a further cut in Bank of England Minimum Lending Rate this week.

Discount houses paid up to 9¼ per cent for secured call loans in the early part, and closing balances were taken at 5-7 per cent. The supply of day-to-day funds was sufficient for the authorities not to intervene, and it is probable that surplus bank balances will be carried forward.

Substantial Government disbursements exceeded revenue payments to the Exchequer yesterday, and this outweighed, run down bank balances carried over from Friday, a net market take-up of Treasury bills, repayment of advances made to the market on Friday, and an increase in the note circulation.

Rates in the table below are nominal in some cases.

April 4 1977	Sterling Certificate of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rates nominally three years 12¼-12½ per cent.; four years 12¾-13 per cent.; five years 13 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 8¾-8¹¹⁄₁₆ per cent.; four-month trade bills 10-9¾ per cent.

Approximate selling rate for one-month Treasury bills 8¾-8⅝ per cent.; two-month 8¹¹⁄₁₆-8⅝ per cent.; and three-month 8¹¹⁄₁₆-8⅝ per cent. Approximate selling rate for one-month bank bills 8¹⁵⁄₁₆ per cent.; two-month 8²⁹⁄₃₂-8¹⁵⁄₁₆ per cent.; and three-month 8²⁵⁄₃₂-8¹¹⁄₁₆ per cent.; one-month trade bills 10¼-9¾ per cent.; two-month 10-9¾ per cent.; and also three-month 10 per cent.

Finance House Base Rate (published by the Finance Houses Association): 11½ per cent. from April 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 5 per cent. Clearing Base Rates for lending 9½ per cent. Treasury bills: average tender rates of discount 8.7647 per cent.

Babcock U.S. seeks injunction against Technologies bid

BY STEWART FLEMING

NEW YORK, April 4.

BABCOCK AND WILCOX INC., the U.S. manufacturer of steam generating and nuclear power equipment to-day began to erect defences against the $500m. takeover offer launched last week by United Technologies.

Babcock said to-day that it is seeking an injunction in Federal Court in Akron, Ohio, to block the United Technologies bid. It said that its lawsuit will charge violations of U.S. anti-trust laws and Federal and State securities laws.

It added that it would also charge that United Technologies would commit a criminal violation of the Atomic Energy Act if it were to acquire Babcock without the prior approval of the Nuclear Regulatory Commission of the transfer of control of NRC licences held by Babcock.

Babcock also announced that it will request hearings under both New York State and Ohio State take-over laws.

Questioned about whether its statement amounted to a formal rejection of the United Technologies offer a Babcock spokesman said that this was a matter of interpretation.

Statements made by Babcock since United Technologies announced the intended offer last week have made it clear that the company had strong reservations about the bid.

The company's resort to the courts puts United Technologies in the position of facing protracted legal procedures which could last several months. The State takeover laws especially are designed to protect from takeover raids which cannot be justified on broader economic grounds.

United Technologies left itself open to this sort of move by Babcock when it said its proposed tender offer was conditional on Babcock not pursuing such delaying tactics. It demanded too that Babcock's shareholders be given an opportunity to decide on the offer.

By taking the issue to court Babcock may feel that it will be able to sidestep the danger of one of its shareholders bringing a suit against the company for not allowing a shareholder vote.

In the meantime it is not yet clear whether United Technologies will pursue the offer in the face of the Babcock moves.

AMERICAN COMPANIES

Northern Telecom pulls out

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

CANADA'S largest telecommunications manufacturer, Northern Telecom, is halving its stake in its largest European production base, a Turkish company which produces exchange equipment and instruments.

In an attempt to forge even closer links with designers in the microcircuit industry, it is also negotiating to take holdings in several U.S. integrated circuit manufacturers—as yet unnamed. Together with software, such circuits will be the two key components of future equipment in the telecommunications industry.

Announcing the Turkish withdrawal at a press briefing in London, Northern's chairman and chief executive, Mr. Robert C. Scrivener, denied that the investment—first made in 1967—had proved less successful than the company had hoped. The subsidiary, in which Northern currently holds 51 per cent., has just won orders for business worth $160m. over the next few years, he added.

The decision to reduce the stake to 25 per cent. by selling to a local group of businessmen, Transturk Enterprises, was prompted by a Turkish decree which would have forced it to make two divestments of 10 per cent. each in 1980 and 1982, Mr. Scrivener said. He would not specify the sale price, but said it was "very small."

The most significant aspect of the sale for the international electronics industry will be Mr. Scrivener's remark that, except in very special cases, "we don't want to own plants outside North America," because the necessary expertise would be too costly.

Mr. Scrivener emphasised Northern's interest in licensing its products in Europe and elsewhere. Discussions with several organisations are under way, in addition to the deals recently agreed with GEC of the U.K., Thomson-CSF of France, and the Swedish Telecommunications Administration.

The product concerned in all three cases was the SL-1 fully electronic private branch exchange (PABX). Mr. Scrivener revealed the terms of the deals—a down-payment of $1m. and five per cent. of sales in each case.

Mr. Scrivener said GEC's overseas licensing rights for the system are limited to certain Commonwealth countries, while Thomson has rights for the former French colonies, and the Swedish organisation for Scandinavia.

Behind Mr. Scrivener's growing caution about direct involvement in Europe—as well as prestige projects in the Middle and Far East—is its increasing commitment to the U.S. market, where it is rapidly building up more manufacture and research.

One of the main features of the U.S. market is the increasing overlap of telecommunications and computers, but Mr. Scrivener disagreed with many telecommunications experts who think IBM is planning to enter the public telephone exchange business. He doubted whether IBM would try to enter the U.S. market for private exchanges, because so many new companies were entering it all the time, which would reduce its attractiveness.

In spite of the heavy cost of developing fully digital technology—in which Northern is trying to set the international pace—Mr. Scrivener insisted the company had no need to raise money; it could grow to three or four times its present size ($1.112bn. sales in 1976) through internal means alone, he said. Sales of electro-mechanical switching equipment were more than paying for research and development in the new DMS digital switching line, he said.

Commenting on the recent anti-trust moves in Canada, in which the Federal Restrictive Practices Commission proposed that Northern's links with Bell Canada—the main Canadian telephone operating company—should be severed, Mr. Scrivener said Bell was prepared to sell more of its interest in Northern but was not prepared to surrender effective control.

This could imply a holding of well under 50 per cent., and possibly as little as 10 per cent., he said, depending on the size of other shareholders' stakes in Northern. Bell has been reducing its holding in recent years, currently to 61.5 per cent.

FRENCH COMPANIES

Paribas profit rises by almost 5%

BY DAVID CURRY

PARIS, April 4.

THE COMPAGNIE Financiere de Paris et des Pays-Bas, the parent company of the Paribas banking and finance group, earned net profits of Frs.172.4m. last year against Frs.164.26m. the previous year.

In line with th eGovernment's dividend guidelines the pay-out would be 6.5 per cent. higher with the tax bonus, to Frs.19.95 per share against Frs.18.75 per share.

The parent company balance sheet total at the end of the year was Frs.3.321bn. At the group level, the year under review saw the introduction of the accountancy rule whereby credits granted to clients are included in the balance sheet whereas previously refinanced credit has remained outside the balance sheet.

The consolidated balance sheet ended the year at Frs.89.1bn. against Frs.71bn. but net profits repeated last year's Frs.438m.

The part accruing to the Compagnie Financiere was Frs.361m. or Frs.32.70 per share.

This excludes the Frs.70m. accruing to the parent company by way of long-term extraordinary capital gain since this figure remains outside the final net earnings total.

Moulinex SA

Moulinex SA reported a net 1976 profit of Frs.49m. (Frs.36m. in 1975) and proposed a total dividend of Frs.3 (same) on capital raised by a one-for-six share issue bearing dividend from January 1, 1976, Reuter writes from Paris.

Source Perrier

SOURCE PERRIER S.A., [illegible] mineral water and soft drink producers, have posted net consolidated earnings of Frs.2[illegible] in the financial year ended September 30, compared with net loss of Frs.15m. a year before, reports AP-DJ from Paris.

The group accounted [illegible] Frs.18.7m. of the consolidated result, against a loss of Frs.23[illegible] in 1974-75.

Perrier said that over the first six months of the current [illegible] year, sales of Perrier water were up by 15 per cent.

The company told shareholders it intends to stimulate its exports to the U.S., especially to the states of New York and California, through a sales drive in May and June. Sales in the U.S. are currently running at an annual rate of 12m. bottles, compared with only 3m. six months ago, Perrier said.

Groupe Carrefour SA

Groupe Carrefour SA reports net 1976 consolidated profit of Frs.131.6m. (Frs.131.4m. in 1975) on net consolidated turnover of Frs.9.6bn. (Frs.7.6bn.), with group cash flow of Frs.305[illegible] (Frs.264m.). Reuter reports from Paris.

Takeover of Waage fleet

BY FAY GJESTER

OSLO, April 4.

A GROUP OF NORWEGIAN ship owners is to take over five of the six large tankers owned by the troubled Waage shipping concern. The deal, which ensures that the five ships will remain in Norway's merchant fleet, rather than being sold abroad, has been agreed after lengthy negotiations between Waage, its creditors and State Guarantee Institute for ships and drilling vessels, and the prospective owners. These latter will put up Kr.50m. capital to help finance the new company which will operate the ships, and Waage's creditors are likely to be given a stake in the company as well.

The sixth ship in Waage's fleet, a combined carrier, has been excluded from the deal for the time being and its fate is still uncertain. The main assets remaining to Waage's shareholders after the transfer has been completed will be the company's stakes in three drilling platforms "Odin drill," "Aladdin" and "Sinbad."

Final details of the agreement are expected to be worked out this week, and the Guarantee Institute is expected to grant its formal approval at a Board meeting on April 14.

A. P. Moeller downturn

BY HILARY BARNES

COPENHAGEN, April 4.

TRADING PROFITS in the A. P. Moeller shipping and industrial group dropped from Kr.725m. to Kr.704m. in 1976, according to a statement from the group. After various allocations, there is an increase from Kr.491m. to Kr.513m. in earnings at the disposition of the group. The Board proposed to raise the dividend from 10 per cent to 12 per cent.

The trading profits cover the results of the twin mother companies, Dampskibsselskabet Svendborg, and Dampskibsselskabet af 1912, and their joint shipping partnership.

The group operates one of the world's largest tanker fleets, an extensive liner fleet, an offshore supply fleet, and is engaged in shipbuilding, the offshore sector, manufacturing industry and retailing.

Shell Francaise SA

Shell Francaise SA broke even in 1976 following a Frs.123m. loss in 1975, after depreciation of Frs.939m. (Frs.855m.), Reuter writes from Paris. The company will pass dividend for the fourth consecutive year, having last paid Frs.7.80 in 1972.

Plan to channel Brazilian savings

RIO DE JANEIRO, April 4.

THE BRAZILIAN Government has set up a fund to channel workers' compulsory savings into the stock market, part of a package of measures designed to boost the non-State industrial sector, report David White from Rio de Janeiro.

The so-called social participation fund will apply 5 per cent. of savings accumulated under Brazil's social integration plan and a similar compulsory scheme in the civil service. This will mean a new inflow into the stock markets estimated at cruzeiros 1.5bn. ($115m.)

The Government has also re-established a limit on the cost of credits granted under a special programme, announced last year, to enable Brazilian companies to strengthen their often inadequate capital bases. Cr.2bn. ($154m.) have been earmarked for this scheme, codenamed Procap. About half of this sum is believed to have been applied already. The purchase of shares with compulsory savings funds is limited under the decree, signed yesterday by President Ernesto Geisel, to Brazilian-controlled companies.

Several other measures proposed by a three-man commission set up to study business incentives were rejected by the Government, including tax exemption on dividends and limits on the size of fixed-interest savings accounts. The latter proposal was aimed at steering a larger proportion of private savings into the stock markets.

Brazil's Economic Development Council stated in a resolution accompanying the measures that the Government would give priority to capital goods, basic products and mining in its efforts to help local industry.

It also suggested an "associative" model for new ventures, combining local private industry, state companies and foreign capital and technology. This tripartite model is being used in new billion dollar petrochemical projects in the north-eastern state of Bahia and the southern region of Rio Grande do Sul.

The Government's new measures, long-awaited by businessmen here, were welcomed by industrial associations and by stockbrokers.

However, the Rio de Janeiro stock index closed 1.4 per cent. down yesterday at 4560.3 points, after a 1.3 per cent. drop on Tuesday, as the positive reaction to the new measures was outweighed by pessimism about the outcome of a political crisis between the Government and Congress in Brasilia.

Madison Sq. Garden sees profits fall

Madison Square Garden, the huge sports complex in the middle of New York City's Manhattan, which also owns a racetrack and a basketball and hockey team, reported net earnings of $339,000 for its winter quarter sharply down from the $780,000 seen in the same period 12 months ago, writes our New York staff.

The Garden stressed that the unpredictable fluctuations and irregularities of sports, racing, and entertainment scheduling can often result in sharp quarterly profit swings. There seems little reason to predict gloom because of this downswing especially as the earnings are still ahead over the nine months.

Net earnings over the first three-quarters total $2.9m. (or 61 cents a share) compared to $2.7m. (or 57 cents a share). Revenues for the same period rose to $135.2m. compared with $123.4m.

Early in March, Gulf and Western started a fresh tender offer to increase its stake in Madison Square Garden. The company owned 39.1 per cent. and now owns 54.8 per cent. The standing offer of $10 a share (versus $10 and one-eighth in the stock market) remains open.

Ericsson continues to lose heavily in Brazil

FOR THE second year running, Ericsson has registered a substantial loss on its Brazilian operations, Sue Branford writes from Sao Paulo. In its 1976 annual report, Ericsson do Brasil shows a pre-tax loss of 139.8m. cruzeiros (£7.2m.), after the 1975 loss of 140.7m. cruzeiro.

The poor performance, is not due to disappointing sales—turnover increased 68 per cent. from 2.4bn. cruzeiros in 1975 to 4.1bn. cruzeiros in 1976—but to financial difficulties. The report says delays in payments by customers, exchange losses in foreign currency debt, and the deposit demanded by the Brazilian Government before imports are authorised (this last item alone cost the company 577m. cruzeiros in 1976) forced the company to contract greater debts inside Brazil and abroad.

However, the company [illegible] fident of better prospects and notes the completion of its 1974-76 £26.4m. expansion programme, saying the period of heavy investment is over.

Goodyear hopeful for first quarter

GOODYEAR TIRE and Rubber expects first-quarter sales and earnings to top the $43.7m. earned on sales of $1.45bn. in the 1976 first quarter, the chairman, Mr. Charles J. Pilliod, Jr., told the annual meeting, reports Reuter from Ohio.

Final results will be announced on April 21, Mr. Pilliod said. He added that the outlook for 1977 is much improved. "We are regaining momentum in all areas and are looking forward to 1977 with optimism and enthusiasm." Mr. Pilliod said domestic auto makers will require a record 109m. new tyres for cars during the year—up 12 per cent. in units or even more in dollar terms from 1976.

Plans for Arab, Latin American bank

PREPARATIONS are far advanced for the establishment of an Arab-Latin American bank with an initial capital of $100m., of which 60 per cent. will be put up by petroleum producing Arab countries, reports Robert Lindley from Buenos Aires. The site of the bank, somewhere in Latin America, has not yet been decided.

EUROBONDS

Pricings awaited in dollar sector

BY MARY CAMPBELL

THE DOLLAR secondary market was quiet yesterday, as dealers awaited the pricing of the large number of new issues which is expected over the next couple of days. However the undertone continued firm.

An increase in the size of the Ontario Hydro issue from $100m. to $125m. has been announced on an unchanged coupon of 8 per cent. with final terms due to-day. This move follows the cut in the coupon on the Bell Canada issue from 8 to 7¾ per cent. on Friday. Details of the expected increase in the size of the International Westminster Bank issue are due to-day, but it is likely to be raised to more than $100m.

Heavy interest in D-mark foreign bonds is continuing. The next issue in this market will be DM100m. for the United Arab Emirates Currency Board. The issue will be a five year bullet, with coupon to be announced to-morrow. The next issue after that is likely to be DM200m. for New Zealand with Commerzbank as lead manager.

S. G. Warburg was erroneously listed as a joint lead manager for the Nationale Nederlanden private placement in yesterday's Financial Times. The structure of the management group is two groups, three Dutch banks headed by Bank Mees and Hope and four non-Dutch banks.

Bondtrade Index

	Yesterday	Friday
Medium term	102.76	102.75
Long term	93.20	93.17
Convertible	108.11	107.67

Delhaize to lift payment on sales rise

By David Buchan

BRUSSELS, April 4.

DELHAIZE, second in the league of Belgian retailing chains, has announced higher profits for 1976 of BFrs.219m. (£3.5m.) compared to BFrs.136m. the previous year, and a higher dividend of BFrs.146 (BFrs.135). This is in line with general improvement in the sector and also with results announced this week by Delhaize's bigger rival, GB-Inno.

Turnover showed an increase of 24 per cent. over the year, with the highest increase being turned in by the company's North Carolina subsidiary Food Town Stores where turnover in its 45 supermarkets rose 33 per cent. The directors comment that their forecast for this year of an 18 per cent. increase has already been overtaken in the months of January and February.

Because Delhaize has paid out in dividends over the previous two years rather less than its net distributable profit, its reserves have increased quite sharply. To give a better balance between reserves and equity, the company is now to raise its share capital in two separate operations—first, by a one-for-20 free scrip issue backed by BFrs.14m. from reserves and then a straight increase of BFrs.196m. from reserves without creating any new shares.

Italy banking crisis threat as property group nears collapse

BY PAUL BETTS

ROME, April 4.

THE POSSIBILITY of the financial collapse of Italy's largest property and construction group, Societa Generale Immobiliare di Roma (SGI) could provoke a serious Italian banking crisis, according to high-level banking sources here.

It has now emerged that the company, formerly controlled by the Vatican and later by the financier Sig. Michele Sindona, is understood to have accumulated debts of some L.500bn. (about £333m.). Much of this debt is said to be largely attributed to foreign exchange and commodity market losses inherited from the former management of Sig. Sindona, who is now in the U.S. where proceedings for his extradition back to Italy are currently in course. Earlier forecasts had suggested that the company had accumulated debts of L.200bn. (about £133m.).

This figure of L.200bn. alone, however, is now understood to represent the credits the Banco di Roma currently has at stake in the troubled company. The bank, controlled by the State holding company Istituto per La Ricostruzione Industriale (IRI), is the fourth most important Italian credit institution, according to the latest listing of the State medium-term credit agency — Mediobanca — modelled on Fortune magazine's list of top companies.

The Banco di Roma, together with a group of nine Rome building constructors — the so-called "Palazzinari" — at present jointly hold a controlling 39 per cent. majority interest in SGI. The L.200bn. credits that the Banco di Roma has at stake involve loans of L.140bn. with SGI and a further L.60bn. with the "Palazzinari."

The treat of a collapse of the construction group follows SGI's failure to raise some L58.3bn. (about £38.3m.) of fresh capital through a six-for-ten rights issue. After announcing last month that only 17.3 per cent. of the capital increase was taken up by shareholders, SGI last week put on offer some L48bn. (about £32m.) of new shares which had not been taken up by its shareholders). The company, however, reported over the week-end that its five day public offer closed without any takers.

After writing down its capital last year from L161.9bn. (about £107.9m.) to L97bn. (about £64m.), the company subsequently announced the L58.3bn. capital increase operation. But SGI's small shareholders who effectively represent about 61 per cent. of the base capital, showed mass indifference to the issue. The situation was further exacerbated when a number of the nine "Palazzinari" opted out, either fully or partially, from subscribing to the rights issue.

Citicorp offer for shares outstanding in IAC

BY JAMES FORTH

SYDNEY, April 4.

THE U.S. bank Citicorp has offered to buy the public shareholdings in its troubled Australian finance company subsidiary IAC (Holdings). Citicorp has taken the step because of what it claims is a recent change in real estate market conditions, which could necessitate further major write downs of its real estate portfolio, resulting in heavy losses. In addition to its bid, Citicorp intends to pump another $A14m. in capital into IAC, a move made necessary by the impending write-downs.

The revelations of the new write-downs comes only six weeks after IAC reported a pre-tax operating loss of $A443,000 for the December half year, following provisions and write-downs against real estate totalling $A26.1m.

IAC directors sai dat the time that they considered the provisions "adequate in the current circumstances." They also revealed that plans were underway to increase IAC's capital, and that an underwritten rights issue was under consideration. It was generally expected that Citicorp would be the underwriter and the issue price would be above market, which would result in an increase in Citicorp's equity from its present level of 51 per cent. Instead Citicorp has dropped thoughts of a public issue and has decided instead to make IAC a wholly owned subsidiary. The offer price is 70 cents for ordinary shares, which compares with to-day's market price of 54 cents, and $2.00 for the preference shares.

Non-Citicorp directors have retained merchant bank, Hill Samuel Australia to advise on the offer. The bid would require $A19.4m. on top of the $A14m. capital injection. Citicorp directors said to-day that they believed substantial additional support was needed to fully maintain the position of IAC and its standing in the financial market.

IAC has been in difficulties since the collapse of the property boom in 1974. Late that year Citicorp was forced to pump about $A150m. into the company to prevent its collapse and increased its equity stake to 51 per cent. with a capital injection of $A10.5m.

Citicorp said the acquisition was designed to ensure the provision of needed financial resources and to make it clear in the financial market and elsewhere that IAC had the full support of the parent company.

The offer is still subject to approval by the U.S. regulatory but has been approved by the Australian authorities. However, Citicorp had to agree to offer a significant Australian equity back to the public sometime in the future.

Citicorp directors said they fully appreciated the Australian Government's objective of maintaining local equity participation wherever practicable in enterprises in Australia. But, the special circumstances that confronted IAC made it advisable for the company to be fully supported by Citicorp as there was little prospect of further support of the scale required being provided by existing local shareholders.

The agreed programme was to offer 25 per cent. of IAC back to Australian investors—10 per cent. after six years from acquisition and a further 15 per cent. no later than 10 years from acquisition.

Citicorp has also undertaken that there will be consultation with the Reserve Bank in relation to developments likely to affect the nature and scope of IAC's business.

IAC directors said the recent change in real estate market conditions had worsened the company's earnings position and it could show a significant loss for the June half. Since its half-yearly report the Parkes Development property group collapsed. Coupled with accelerated property disposal programmes by other financiers, Commercial and General Acceptance and Associated Securities, the market situation has worsened.

S. African food group shows record profit

By Richard Rolfe

JOHANNESBURG, April 4.

THE LEADING South African food retailer, Pick 'n' Pay, has produced record figures for the tenth successive year which go a long way to justify its prime stock market rating.

Last year, to February 28, turnover was R260m. at Pick 'n' Pay against R221m. for the previous year, an 18 per cent. gain which more than beats the rate of inflation. Net profit rose from R5.8m. to R7.6m., showing a modest improvement in profit margins from 2.6 to 2.9 per cent., clearly a critical gain in this low margin business.

One important factor behind the advance this last year has been the improved performance of the group's hypermarket, the first in South Africa, which is now in its second year of operation.

The group's chairman, Mr. Raymond Ackerman, said it accounted for between 5 and 6 per cent. of turnover and 7 per cent. of profits. Ultimately, Pick 'n' Pay plans a total of 10 hypermarkets throughout the republic.

The scale of the group's capital commitments suggests that despite cash flow running at R8m. and unused bank facilities of another R10m., some further capital-raising exercise is likely. One answer could well be a rights issue, perhaps accompanied with a split of the 2.3m. shares currently in issue. This year, Mr. Ackerman expects profit growth of about 20 per cent. which should enable another substantial increase in the dividend. This should create a reasonable basis for any fund raising exercise, while in addition, despite the depressed state of the stock market, Pick 'n' Pay's share price has remained fairly stable for the past two years.

● Union Steel Corporation Ltd.'s steel profits for 1977 are expected to be lower than in 1976, Chairman C. Marais said in the annual report, Reuter writes from Vereeniging.

The company had a taxed profit of R5.64m. (R6.3m.) in 1976, on turnover of R141.5m. (R133.4m.) and paid a dividend of 5.5 cents (same).

SWISS COMPANIES

Sales decline at Schindler group

BY JOHN WICKS

ZURICH, April 4.

OWING TO the fall in orders received in 1975, turnover of the Swiss-owned Schindler group dropped by 5.8 per cent. last year to Sw.Frs.1.18bn. (Sw.Frs.1.25bn.). This was due to a 9.1 per cent. decline, to Sw.Frs.980m. (1975: Sw.Frs. 1.08bn.), in the sale of lifts and escalators and turnover on related maintenance services, while that of other products rose 14.9 per cent. to Sw.Frs.200m. (Sw.Frs.174m.).

The flow of orders showed a slight improvement, rising 1.6 per cent. to Sw.Frs.1.21bn. (Sw.Frs.1.2bn.), last year. There was an increase by 6.8 per cent. in the sale of new units, though due to a change in the sales programme and exchange-rate alterations the value of lift and escalator orders was down by 5.5 per cent. to Sw.Frs.982m (Sw.Frs.1.04bn.). Orders for diversification products shot up by 52.3 per cent. to Sw.Frs. 233m. (Sw.Frs.153m.).

* * *

The Zurich-based company Switzerland General Insurance recommends payment for 1976 of an unchanged gross dividend of Sw.Frs.65 per share. Net profits rose slightly to Sw.Frs. 3.01m. (2.98m.) last year following a 4.8 per cent. improvement in gross premium income to Sw.Frs.323m. (307.5m.). The company is in the process of being taken over by Swiss Reinsurance Company also of Zurich.

Meanwhile, net profits of the Swiss insurance company Schweizerische Mobiliar Versicherungsgesellschaft, of Berne, rose to Sw.Frs.13.2m. (10.2m.) last year following a marked improvement in underwriting profits from Sw.Frs.0.8m. to Sw.Frs.16m. Total premium income went up by 8 per cent. in 1976 to Sw.Frs.388.7m (Sw.Frs. 359.1) while the capital income surplus declined to Sw.Frs.8.9m. (Sw.Frs.16.9m.) as a result of increased depreciations. The board recommends payment of an increased sum of Sw.Frs.4.5m. (Sw.Frs.3.5m.) to the insureds' profit fund and Sw.Frs.6.5m. (Sw.Frs.5.5m.) to extraordinary reserves.

* * *

After a substantial setback in recession year 1975, when group cash-flow declined by 27.7 per cent. and net profits by 47 per cent., the Swiss foodstuff concern Hero Conserven Lenzburg recorded a partial recovery in 1976. Although group turnover was higher by only 1.8 per cent. at Sw.Frs.441.38m. (1975 Sw.Frs. 433.71m.), cash-flow was 6.9 per cent. higher at Sw.Frs.17.72m., while group net profits rose 14 per cent. to Sw.Frs.7.35m.

* * *

The Swiss pharmaceutical company Sandoz AG, Basle, is to amalgamate its hospital supplies operations with those of the French group Rhone-Poulenc. A joint-venture subsidiary is to be set up in Fribourg with the name of Sopamed SA, which will act as a holding company for a group of research, manufacturing and distribution undertakings to operate worldwide under the name Hospal.

This new organisation will direct its efforts primarily towards making available a "wide range of products designed to improve treatment and patient comfort. It will specialise in the fields of artificial kidneys and lungs, equipment for artificial feeding, dialysis, respiration and anaesthesia and plastics parts and disposables for medical use," Sandoz said.

* * *

Consolidated gross turnover of the Swiss confectionery concern Chocolat Suchard SA, Neuchatel, fell by 3.3 per cent. last year due primarily to a series of price cuts. of total sales of Sw.Frs. 102.72m. (Sw.Frs.106.2m.), the share of exports increased from 17.4 to 18.8 per cent. Benefiting from Government support granted to chocolate exports since mid-1976 Suchard Switzerland's total foreign sales rose in volume terms by 19.4 per cent. and in value by 4.5 per cent.

The Neuchatel company, a member of the Interfood Group of Lausanne, recommends payment for the year of an unchanged 7 per cent. dividend after an improvement in the net profit sum to Sw.Frs.516,280 (Sw.Frs.459,810).

Receivers' view on FEH

BY H. K. LEE

SINGAPORE, April 4.

FAR EASTERN Hotels Development (FEH), owner of the Singapore Hilton hotel—which is currently under receivership has released its long delayed statement of affairs. The statement placed the net realisable value of the company's assets at S$44.97m. which based on its issued capital of 40m. shares of S$1 par each indicated a net tangible asset backing per share of S$1.12.

However, in view of the several reservations expressed by the receivers in a letter accompanying the statement, the realisable value of FEH's assets could be well below the company's own estimates. The company's Chairman, Mr. Cho Jock Kim, had offered to acquire all FEH shares at 80 Singapore cents per share last October but no approval was granted.

Overseas Chinese Banking Corporation (OCBC) which placed the company in receivership was listed in the statements as the major creditor with a sum of S$13.11m.

However, OCBC, according to the receivers, had claimed an amount of S$13.29m.

In their general comment, the receivers and managers, Messrs. R. J. Frank and P. Grundy of Price Waterhouse, noted that the statement of affairs has been prepared from books of the company whose accounts have not been audited since December 1974.

They also noted that the opening balances in the company's general ledger for 1976 from which the statement was prepared, were in pencil.

The statement placed a value of S$32.16m. on the hotel site and building. Its main asset, but a professional valuation made in January 1973, according to the receivers, showed a figure of S$32.04m.

However, they added that they were unable to comment on the present realisable value of this property in the absence of a current professional valuation.

The statement also showed FEH's second main assets, comprising the deposits of $HK36.23m. ($US7.35m.) paid for the purchase of the four logging vessels from three Liberian companies in May 1976, with an estimated realisable book value of S$12m. against a book value of S$17.39m.

However, the receivers considered the estimate too high of the four vessels contracted for a total purchase price of $US22.2m. They noted that the approximate market values in January this year of two of them —"Island King" and "Island Pearl" — were only $US1.37m. and $US1.44m. respectively.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan 9½pc 1985	105½	106½
Australia 8½pc 1991	101½	102½
Bowater 9½pc 1990	104¾	105¼
Can. N. Rly. 8¾pc 1986	101	101½
Credit National 8¾pc 1986	99½	100
Denmark 8½pc 1984	101½	102
ECS 9½pc 1989	104	104½
EIB 8¾pc 1992	100¾	101¼
EMI 9½pc 1989	100½	101
Erap 9½pc 1985	103½	104½
Ericsson 8¾pc 1989	100	100½
Esso 8pc 1986 Nov.	102½	103½
Eurofima 8¾pc 1993	103	103½
Granges 9½pc 1985	102	102½
Gt. Lakes Paper 8¾pc 1984	101	101½
Hamersley 9½pc 1992	105½	104
ICI 8¾pc 1987	98	99½
ISE Canada 9½pc 1986	105	105½
Macmillan Bloedel 9pc 1992	102	103
Massey Ferguson 9½pc 1991	104	104½
Michelin 9½pc 1988	103	104
Midland Int. Fin. 8¾pc 1986	101	101½
Modo 9pc 1986	100	101
Nat. Westminster 9pc 1986	102½	103½
Newfoundland 9pc 1989	103½	104
Norges Komm. Bank 8¾pc 1991	99½	100
Norpipe 8¾pc 1989	99½	100½
Norsk Hydro 9pc 1991	103½	104
Norsk Hydro 8¾pc 1992	98½	99
Oslo 9pc 1988	102	102½
Ports Autonomes 9pc 1991	100	100½
Prov. Quebec 9pc 1984	101½	102½
Quebec Hydro 8¾pc 1986	99½	100
Prov. Saskatch. 8¾pc 1986	101½	102¼
Skand. Enskilda 9pc 1991	102½	103
SKF 8pc 1987	98½	99½
Volvo 8¾pc 1985	105½	106
Volvo 8pc 1987 March	97½	97½
NOTES		
Australia 8¼pc 1982	102½	102¾
Australia 8¾pc 1986	102	102½
Dow Chemical 8pc 1986	103	103½
ECS 7¾pc 1982	97½	98¼
EEC 8¼pc 1982	101½	102½
Enso Gutzeit 8¾pc 1984	98	98½
Gotaverken 8pc 1982	101	101½
Hitachi Shipbldg. 7¾pc 1984	97½	98½
Kockums 8pc 1983	99½	100
Michelin 8¾pc 1983	102	102½
Montreal Urban 8¾pc 1981	101½	102½
Nat. Coal Board 8¾pc 1981	100½	101½
New Bruns. Prov. 8¾pc 1983	103½	104½
New Zealand 8¾pc 1986	101	101½
Nippon Fudosan 8pc 1981	100	101
Singer 8¾pc 1982	100	101½
S. of Scot. Elec. 8¾pc 1981	100½	101½
Swedish State Co. 7¾ 1982	99½	100½
Venezuelan 8pc 1984	98	98½
FLOATING RATE NOTES		
Allied Irish Bk. 6¾pc min. 1984	98½	99½
BNP 5¾pc min. 1983	98½	99½
Bank of Tokyo Hldg. 6¾pc min.	101	101½
IBJ 6pc min 1982	99	99½
Lloyds 7¾pc min. 1983	101	102½
LTCB of Japan 6¾pc min. 1981	100	100½
Midland 7¾pc min. 1983	102	102½
Wms. & Glyns 6¾pc min. '84	100	100½
D. MARK BONDS		
Austria 6½pc 1985	99½	100
Beecham 8pc 1983	103½	104½
Bergen 7¾pc 1989	100½	101½
BFCE 7pc 1987	99	99½
EIB 6¾pc 1984	100½	101½
ICI 7¾pc 1988	101½	102½
New Zealand 7¾pc 1986	105	106
Norway 6¾pc 1989	101½	102
Shell 6¾pc 1989	101½	102
Statsforetag 7pc 1985	100½	101
World Bank 7pc 1987	100½	101
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¾pc '87	85	87
Ashland 5pc 1988	93	95
Beatrice Foods 4¼pc 1992	98½	100½
Beatrice Foods 4¾pc 1992	107½	109½
Borden 5pc 1992	103½	105½
Broadway Hale 4¾pc 1987	77½	79½
Canon Camera 7¾pc 1984	196	—
Carnation 4pc 1987	84	86
Chevron 5pc 1988	125	127
Dart 4¾pc 1987	81	83
Eastman Kodak 4½pc 1988	97½	99½
Economic Labs. 4¾pc 1987	78½	80½
Fed. Dept. Stores 4¾pc '85	101	103
Firestone 5pc 1988	85½	87½
Ford 6pc 1986	99	101
Ford 5pc 1988	88½	90½
General Electric 4¼pc 1987	85½	87½
Gillette 4¾pc 1987	79	81
Gould 5pc 1987	120	122
Gulf and Western 5pc 1988	84½	86½
Harris 5pc 1992	113	115
Honeywell 6pc 1986	90½	92½
ITT 4½pc 1987	83½	85½
Komatsu 7¼pc 1990	106½	108
J. Ray McDermott 4¾pc '87	155	157
Mitsubishi Elec. 7¾pc 1991	121	122½
Mitsui 7¾pc 1990	108½	110
J. P. Morgan 4¾pc 1987	100½	102½
Nabisco 5½pc 1988	97½	99½
Owens Illinois 4½pc 1987	119½	120½
J. C. Penney 4¾pc 1987	80½	82½
Pioneer 6¾pc 1988	206	—
Raymond 8¾pc 1983	117	119
Revlon 4¾pc 1987	103½	105½
Reynolds Metals 5pc 1988	96	98
Sperry Rand 4¼pc 1987	89½	91½
Squibb 4¾pc 1987	78	80
Texaco 4¾pc 1988	78½	80½
Toshiba 6¾pc 1990	107½	109
Union Carbide 4¾pc 1982	104	106
Warner Lambert 4¾pc 1987	84½	86½
Warner Lambert 4¾pc 1988	78	80
Xerox 5pc 1988	78	80
Source: Kidder Peabody Securities.		

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early small losses in quiet trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 4.

GENERALLY LOWER levels developed on Wall Street to-day when the market failed to extend Friday's advance despite the Treasury Secretary's comments about the better outlook for inflation and unemployment.

By mid-day the Dow Jones Industrial Average came back 3.74 to 923.62 and the NYSE All Common Index lost 15 cents to $53.79, while declines led advances by a six-to-five majority. Trading volume decreased 1.22m. shares to 6.5m., compared with noon last Friday.

Closing prices and market reports were not available for this edition.

The Government will release the Wholesale Price index for March on Thursday and investors are looking to it with caution.

In the news to-day, the National Association of Purchasing Management reported the steepest price increase for raw materials since September, 1974.

Blue Chips and "Glamours" were among the weak spots.

Merck dipped $1¼ to $55, Tandy $1¾ to $34¾ and Ford Motors $¾ to $54⅝.

United Technologies held unchanged at $34¼—it is bidding for all of the shares of Babcock and Wilcox who are suing in Court to block the proposed takeover.

Northrop gained $1½ to $45½ on favourable comment.

Hamermill Paper gave up $½ at $23¼—it expects lower first quarter earnings.

But Westinghouse, the volume leader, rose $¼ to $19¼.

Heileman Brewing jumped $1½ to $20½.

Philip Morris were down $1 to $53½.

Prices were also lower on the American SE, where the Market Value Index was down 0.08 at 111.89, while the trading volume decreased 130,000 shares to 810,000 shares compared with mid-day last Friday.

Champion Home Builders, to-day's volume leader, held unchanged at $2⅞.

OTHER MARKETS

Canada mixed

Canadian Stock Markets were generally narrowly irregular yesterday morning.

The Gold Share Index, however, moved up 16.8 to 1,091.1. Papers put on 0.35 to 113.16 and Banks firmed 0.01 to 221.91, but Metals and Minerals lost 6.2 to 1,157.0, Oils and Gas dipped 6.0 to 1,126.2 and Utilities shed 0.83 to 148.18.

PARIS — Irregular in thin trading. The ¼ point fall in French Call Money to 9¼ per cent. made little impact. Among Banks, Cie Bancaire lost Frs.10.9 to 2.35, despite its higher 1976 profit.

Carrefour shed Frs. 3 to 1,140 on little changed 1976 profit.

Banks, Engineerings and Stores generally fell, while Steels and Chemicals firmed.

U.S. and Germans issues firmed. Belgians eased, while Oils and Golds were irregular. Copper were mostly better.

BRUSSELS—Most prices rose in more lively trading.

Union Miniere were up B.Frs.6 to 960, despite its lower dividend.

In Foreign stocks, U.K. issues were lower, Canadians were mixed, while Dutch, U.S., French and German stocks all rose.

AMSTERDAM—Higher over a broad front bringing the General and Dutch International Stock Indices to new highs for the year.

Unilever moved up Fls.1.4 to 127.

Gains elsewhere were led by major Banks and Shippings.

Heineken, Berkel, Fokker and Bijenkorf were major isolated losers against the general trend.

State Loans were little changed.

SWITZERLAND—Markets were irregularly higher.

Banks were irregular. Among Financials, Oerlikon - Buehrle gained Frs.15 to 2,155 on Bourse expectations of good results.

Schindler Holding held unchanged at Frs.273, following higher group order income for 1976.

Industrials were irregular, with the recently-higher Merkur suffering from profit-taking.

Among Foreign issues, Dollar stocks and Dutch issues rose slightly, while German shares were barely steady.

COPENHAGEN—Mixed in fair dealings.

OSLO—Industrials, Shippings and Bankings were quiet, while Insurances were slightly firmer.

GERMANY—Irregularly higher with most leading stocks moving not more than DM1 either way.

In Stores, Kaufhof rose DM2.50 while, in Engineerings, Mannesmann were up DM1.50.

Public Bonds put on up to DM0.40, with the Regulating Authorities buying DM1.4m. nominal of stock after selling DM20m. of stock on Friday. The new Federal Loan changed at 100.25 per cent. bid, ahead of its 99.50 per cent. issue price. Foreign Mark Loans were firm.

VIENNA—Irregular trend.

MILAN — Generally lower in quiet trading on renewed political uncertainty, while insolvency of two Milan brokers had little impact.

Leading Industrials generally declined and Financials lost ground. Insurances were mixed.

Bonds were narrowly mixed.

HONG KONG—Market firmed further in fairly active trading, boosted by buying in London on Friday and news yesterday concerning the local property situation.

Amoy Canning rose $HK1.40 to $HK20 on reports, later denied by the company, that sold privately land it withdrew from auction last month.

China Engineers put on 22½ cents to $HK2.25.

Cheung Kong moved up 25 cents to $HK5.65 on an agreement to buy 58.7 per cent. of Wynncor's issued capital at a price considerably above the latest market level. Dealings in Wynncor were suspended.

Jardine Matheson advanced 30 cents to $HK17.50, Hong Kong Land 25 cents to $HK7.40, Swire Pacific 15 cents to $HK8.60, Hong Kong Bank 10 cents to $HK17.50, while Hutchison at $HK3.375 and Wheelock Marden at $HK2.55 each gained 5 cents.

TOKYO—Prices eased, led by Electrical Appliances and Motors on the further rise in the yen. Volume 110m. shares.

Pioneer, down Y200 to 1,670, led the decline in Electricals, while TDK Electronics lost Y50 to 1,590. Toyota Motor fell Y11 to 999 on a Press report, on which the company declined to comment, that it plans to issue 40m. shares.

However, some Domestic Industrials, including Constructions and Pharmaceuticals gained ground on expectations they will benefit from the appreciation of the yen.

Maeda Construction added Y7 at 585, Fujisawa Pharmaceutical Y9 at 750, and Takeda Corp. Y13 at 253.

JOHANNESBURG—Gold shares were steady at slightly higher levels in thin trading.

Financial Minings were mixed, while Coppers advanced.

Industrials eased toward the close after a mixed opening.

AUSTRALIA—Mixed in slack trading.

Among Minings, Pancontinental lost 90 cents to $A10.80 following its interim results.

Coals were well supported, with Utah rising 5 cents to $A4.40 and Oakbridge 4 cents to $A1.17.

Comalco rose a cent to $A2.93 and National Bank 2 cents to $A2.68, but Philip Morris dipped 10 cents to $A7.70.

Indices

NEW YORK —DOW JONES

	Apr. 1	Mar. 31	Mar. 30	Mar. 29	Mar. 28	Mar. 25	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Home Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol 000's	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

* Basis of index changed from July 1.

	Mar. 25	Mar. 18	Mar. 11	Year ago (approx.)
Ind. div. yield %	4.56	4.41	4.47	3.68

STANDARDS AND POORS

	Apr. 1	Mar. 31	Mar. 30	Mar. 29	Mar. 28	Mar. 25	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Mar. 30	Mar. 23	Mar. 16	Year ago (approx.)
Ind. div. yield %	4.47	4.18	4.09	3.28
Ind. P/E Ratio	10.27	10.46	10.69	13.92
Long Govt. Bond yield	7.74	7.71	7.72	5.59

N.Y.S.E. ALL COMMON

Apr. 1	Mar. 31	Mar. 30	Mar. 29	1977 High	1977 Low
53.84	53.56	53.81	54.19	57.07 (4/1)	53.61 (30/3)

Rises and Falls April 1

Issues Traded—1,836 Up—946
Down—439 Same—452
New Highs—35 New Lows—70

		Apr.	Mar.	Mar.	Mar.	1977 High	1977 Low
MONTREAL	Industrial	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Combined	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TORONTO	Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JOHANNESBURG	Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	April 4	Previous	1977 High	1977 Low
Australia	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]
Holland	[illegible]	[illegible]	[illegible]	[illegible]
Hongkong	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300—1,000, the last named based on 1975). [illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—117½% (116½%).

NEW YORK

[illegible]

CANADA

[illegible]

Pound steady

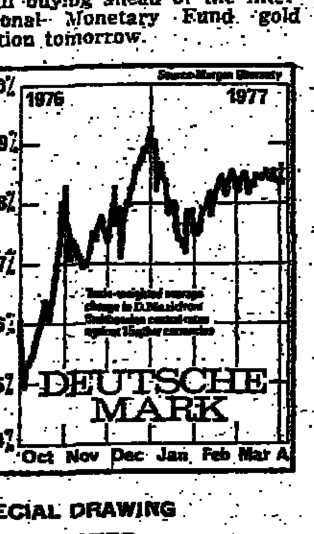
Sterling gained 2½ points on balance against the U.S. dollar, to close at $1.7195-1.7200 in fairly quiet trading in the foreign exchange market yesterday. It opened at $1.7188-1.7192, and was held at around $1.7195-1.7200 for the most part, with the authorities taking in further amounts of foreign exchange for the reserves. Publication of the figures for last month's official reserves, appeared to have little effect on demand. A sharp rise in the reserves was expected. The pound's index against 20 other currencies on the basis of the Washington Currency Agreement, as calculated by the Bank of England, rose 61.9 from 61.8, after standing at 61.8 at noon and in early dealings.

The devaluation on Friday of three Scandinavian currencies in the European currency snake caused some initial nervousness yesterday, with the stronger European currencies rising against the dollar. By mid-day trading was fairly calm however, and the U.S. unit improved after lunch following buying from New York. The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, narrowed to 0.71 per cent. from 0.84 per cent.

The Japanese yen remained very firm, touching a high point of Y273.50 against the dollar, before closing at Y274.30, compared with Y275.90 on Friday. The Japanese authorities were reported to have intervened to stop too sharp a rise following speculation that the currency will continue to appreciate.

A comment by the Canadian Finance Minister, suggesting that the Canadian dollar may be allowed to depreciate further, had an unsettling effect on the currency, which fell to 94.56½ U.S. cents from 95.08½ previously.

Gold rose $1¼ to $150-150½ in quiet trading. There was some small buying ahead of the International Monetary Fund gold auction tomorrow.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	April 1	Mar. 31
Sterling	0.674336	0.673891
U.S. dollar	1.15952	1.15916
Belgian franc	—	42.4311
Deutschemark	2.77090	—
French franc	5.76281	5.76016
Italian lira	1028.90	1026.55
Japanese yen	320.956	321.667
Dutch guilder	2.89068	2.88863
Swedish krone	4.86998	4.86615
Swiss franc	2.94773	2.94716

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

April 4	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfurt	—	2.3884-94	48.0-10	6.610-512	4.095-110	[illegible]	[illegible]
N. York*	41.44-97	—	20.10.12	2.740-745	1.7195-7200	40.22-31	39.40-43
Paris	2.8.10-50	4.967-977	—	13.578 605	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	36.57-60	[illegible]	—	63.37-98	[illegible]	14.33-42
London	[illegible]	1.7195-7200	[illegible]	[illegible]	—	[illegible]	[illegible]
Am'rd'm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Montreal. [illegible] Canadian cents.
Canadian $ in New York. [illegible]
*Rate for April 1.

EURO-CURRENCY INTEREST RATES*

[illegible]

Euro-French deposit rate: [illegible]

Long-term Eurodollar deposits: [illegible]

The following nominal rates were quoted for London dollar certificates of deposit: [illegible]

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs.

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

GERMANY

[illegible]

TOKYO

[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

SPAIN

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND

[illegible]

COPENHAGEN

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

STOCKHOLM

[illegible]

مكبرا من الاصل

Growing uncertainty reduces world mining investment

BY PAUL CHEESERIGHT

MINING may have become too important to be left to the miners, but the greater the importance attached to it, the more difficult it is for the miners to explore for and extract minerals.

It is not a question of the availability of minerals or the skill of the companies: the industry is caught in conflicting pressures and has yet to define, or have defined for it, a new place in a world where mining involves more than the mere extractions of minerals and their delivery to the consumer.

Governments in industrialised countries are increasingly concerned about maintaining secure supplies of minerals. But there is no public debate about the security of supplies, as opposed to discussion about whether mining should be allowed in certain areas and under certain conditions.

Clearly the industrial countries' concern about supplies has been heightened by the fuel crisis of 1973-74. They are afraid of a repetition, this time with minerals, of what happened to oil, when supplies were first restricted and then resumed at much higher price levels.

Congenial

Ironically, the fuel crisis made the mining companies more introspective and less immediately able to respond to the inchoate demands of the Governments of the industrialised world. There is no present shortage of many of the basic minerals. But the companies, harried by low prices and rising costs, have tended to scale down investment and concentrate expansion in areas they have traditionally found congenial, like the U.S. and South Africa.

The effects of the doubly cautious policies adopted by many of the major international mining groups will not be apparent until the 1980s, given the fact it takes between three and eight years to bring a major venture to production. Yet the concern about security of supplies is essentially a long-term preoccupation.

Mr. Gerald Manners, of University College, London, argues as follows:

"Whenever and wherever the allocation of energy is powerfully shaped by institutional and political forces, there must be fears that the mineral industry at particular times and in particular places will be severely constrained by energy problems. The possibility of resultant mineral scarcity cannot be discounted."*

One example has been cited by Mr. George Munroe, the chairman of Phelps Dodge, an important U.S. copper producer with aluminium interests. He drew attention to the fact that the ratio of the price of aluminium to the price of copper was the highest for many years.

"If the Federal Government does not get its energy policy established and properly balanced with environmental concerns very quickly, it may be that much of our domestic aluminium smelting capacity will be priced out of competition within 10 years, because of the shortage of electric power which we, as a country, are now in the process of creating," Mr. Munroe said.

Federal lands

The position has been further complicated by the coincidence of the consequences of the oil crisis with concern about the environment. The movement in the industrialised economies especially since the beginning of this decade towards higher environmental standards has already placed some restraint on the mining industry. Some of the industrialised economies do have significant mining sectors. The U.S., Canada, South Africa, and Australia are examples. Mr. Manners recalled that before 1968 only 17 per cent. of the federal lands in the U.S. were denied to mining in principle. By 1975 that share had jumped to 67. The federal lands represent about one third of U.S. territory, and contain many of the best potential mineral resources.

Technical advances in the way minerals may be extracted from ore have allowed mining companies to exploit lower grade deposits. This partly accounts for the revival of the Cornish tin industry. But the lower the grade of ore, the greater the problems of waste disposal. Energy and environmental problems vary in scale and importance from area to area. While difficulties exist and may become more severe, the mining industry as a whole is extremely diverse: if the flow of supplies from one country slows down, the shortfall may be made good from another. Yet this strength is also a source of weakness, deriving from the political changes of this century, and in particular—since about 1960. The mining industry during the early decades of the century was a relatively simple affair.

In colonial days, ownership was not an issue. "The role of the state in the development of mineral resources was seen almost exclusively in regulatory terms," according to Roland Brown in a Commonwealth Secretariat study.†

The dissolution of the colonial empires brought an end to the application of such open policies. Newly independent countries applied wholly different criteria to what was or was not a desirable mining development. The starting point for the application of these criteria is United Nations General Assembly Resolution 1803, passed in 1962: "The right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the well-being of the state concerned."

The new concept, that a mining operation was not solely concerned with the creation of profit but should also play a part in the wider context of economic and social growth within the territory faced the mining companies with circumstances which have only been reluctantly accepted. The result has been a more stringent regime of taxes and royalties. Moreover the process has not been confined to developing countries.

Taxation

"One could take as a starting point the Sierra Leone bauxite agreement of 1961, progress through the Bougainville agreement of 1967 concluded by the Papua New Guinea administration, and arrive at the De Beers-Botswana agreement of 1970, noting the progressive tendency for the terms to be enjoyed by the Governments owning the mineral rights to improve," Mr. Mike Faber writes in the Commonwealth Secretariat study.

Levels of taxation imposed on or negotiated with mining companies only serve to illustrate that the very idea of ownership is in dispute. A clash is evident between the proposition that the mineral deposit is useless unless someone finds it and that he who finds it owns it, and the proposition that companies simply act as exploring and extracting agencies for the state and receive a return for the work and capital they expend on what the state perceives as a diminishing resource.

State's share

Such clashes tend to be resolved in the formulation of agreements which provide the state with a source of income which increases the more profitable a mining operation becomes. The state's financial share assumes bigger proportions once the agreed return on capital for the company has been achieved. But problems arise as soon as expectations change. If mineral prices are low, the companies will tend to baulk at high taxes and royalties. On the other side it is within the power of a state unilaterally to change tax laws, for example, or to nationalise the mine. It is this uncertainty that makes mining groups cautious in their investment policies, especially, as now, at times of rising costs.

The atmosphere, in short, is extremely unstable. Different perceptions of the purpose of mining operations inevitably have led to disagreements between Governments and companies. This in turn has reduced the number of countries where mining companies are prepared to risk capital, thus making more hazardous the evolution of long-term policy for security of supplies.

* *The Royal Society of Arts. Chester Beatty lecture. Three Issues of Mineral Policy. by Gerald Manners, Reader in Geography, University College, London, March 16, 1977.*

† *Some Policy and Legal Issues Affecting Mining Legislation and Agreements in African Commonwealth Countries. by Roland Brown and Mike Faber: Commonwealth Secretariat Publications, £2.50.*

FARMING AND RAW MATERIALS

U.K. expects EEC deal on beef

By Our Commodities Staff

BRITAIN "INTENDS and expects" to obtain continuation of its support system for beef—variable premiums underpinned by intervention — Mr. Gavin Strang, Parliamentary Secretary, Ministry of Agriculture, said yesterday.

"I cannot say anything at this stage about the actual level of support," he told farmworkers at Bury, Lancashire.

"This will depend on what is agreed on the new Community guide price for beef and on any 'green pound' change. These will be decided in the final package and I obviously cannot anticipate them."

In any case U.K. prices for beef would rise by more than 2½p a kilo in the next transitional period step at the start of the new marketing year and another similar increase must be made in the final step before January 1 next year.

"We shall certainly aim to win a deal on beef which allows us to announce target prices for the whole of the 1977-78 marketing year and to announce those prices as soon as we can after the settlement," he said.

London tea prices rise, but market less erratic

BY PETER BULLEN

TEA PRICES yesterday recovered some of the ground lost in last Monday's sharp falls.

At the London tea auctions quality tea rose 26p to 276p a kilo, medium by 20p to 255p and plain—the quality to show the biggest fall the previous week—rose by 54p to 224p.

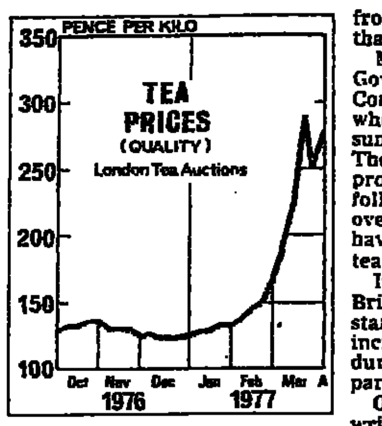
The firmer trend was not entirely unexpected in view of the rise in prices at markets in other parts of the world since last Monday although some overseas auctions eased recently.

Mr. Peter Banyard, president of the London Tea Brokers' Association, said the market was far less erratic yesterday.

"I hope it stabilises at about this level. It was a less excited market. All the main blenders were buying," he said.

With no London auctions for two weeks because of the Easter Bank Holiday the market will have time to pause and reflect on the recent upward movement; the likely increases in retail prices that must follow and the consequent effects on consumption patterns.

By late summer supplies from Sri Lanka and Africa are expected to improve which may also help in steadying price levels.



One factor in the rise in prices last month was the report that the Indian Government was considering a plan to regulate exports to increase domestic supplies and ease local inflationary pressures. The change of Government in India has inevitably meant reconsideration of the plan, although the new Government is considering imposing a heavy export duty to benefit from the overseas boom in demand and prices.

Sri Lanka has raised its export tax with an aim of increasing its revenue from tea exports from last year's Rs.282m. to more than Rs.430m.

Meanwhile, in the U.K. the Government has ordered a Price Commission investigation of the whole tea market to ensure consumers are not being exploited. The Commission is already probing the coffee market following the dramatic increases over the past 20 months, which have helped boost demand for tea as an alternative beverage.

In any event retail prices in Britain still need to rise substantially to catch up with the increase in tea auction values during the past two months in particular.

Our New Delhi Correspondent writes: The price of tea fell by Rs.3 a kilo for the first time in six months when over 400,000 kilos were offered for auction at Cochin.

Reports from Cochin said the offerings met with "fair demand and at lower prices."

Most of the best highgrown dusts on offer were neglected while clean brokens met with less support.

The Indian Civil Supplies Minister, Mohan Dharia, held a meeting with tea producers on ways to reduce the internal price of tea.

Base metal values move down

By John Edwards, Commodities Editor

BASE METAL values moved generally lower on the London Metal Exchange as buying interest waned in quiet trading conditions.

Tin suffered the biggest loss, with the cash price closing £165 down at £5,500 a tonne. The downtrend was triggered off by a decline in the Penang market over the week-end, which brought some stop-loss sales and a reluctance to buy.

Lead and zinc were affected by similar conditions, although it was noted that there was good buying interest at the lower levels. Cash zinc closed £10.5 lower at £383 a tonne, and cash lead fell £5 to £373.5 a tonne.

A "bearish" influence was an announcement by St. Joe Minerals, the big U.S. lead-zinc producer, that workers at its Monaco zinc plant had ratified a new labour contract thus avoiding a possible strike there.

The Monaco plant has an annual capacity of some 250,000 short tons and employs 1,300 workers.

The quick settlement of the new contract, which expired on March 31, is significant in that it may set a trend for the other copper, lead and zinc workers contracts that are due to expire in the next few months.

The possibility of lengthy stoppages has helped boost metal values as consumers have been building up stocks in anticipation of production cuts.

No U.S. meeting on soyabean exports planned

WASHINGTON, April 4.

THE U.S. Agriculture Department has not scheduled a meeting with U.S. soyabean exporters, a spokesman for Mr. Bob Bergland, Secretary of Agriculture, said reports Reuter.

Rumours of such a meeting reflect nervousness about the world shortage of soyabeans and the emergence of further Chinese buying.

In the Department's export sales report a sale of 390,000 tonnes of optional origin soyabeans were sold to China in the period ending March 27.

In London, soyabean meal futures rose the permissible £5 limit early in the morning session with August trading at £186.20 a tonne. But by the close the price had slipped to £179.30 a tonne.

LEAD AND ZINC CONFERENCE

A three-day international conference entitled Lead and Zinc into the 1980s is to be held in London at the Hilton Hotel from June 14 to 16.

Organised by the Lead and Zinc Development Associations, it will examine specific lead and zinc markets and also seek to forecast future supply and

Coffee and cocoa fall heavily

BY RICHARD MOONEY

COFFEE AND cocoa prices declined sharply on the London terminal markets yesterday. July delivery coffee closed £209 lower at £3,774 a tonne while July cocoa lost £82.5 to £2,125.5 a tonne.

An early rise featuring heavy trade buying from a single quarter had lifted July coffee to £4,010 a tonne at one stage, but as this buyer backed off the upward tendency was overtaken by trade and speculative selling.

News of a further rise in the Brazilian contribution quota (export tax) to $134 a bag (60 kilos) was largely ignored as it simply reflected a new cuzeiro devaluation. Dealers said lack of roaster interest and "bearish" chart indications were the main reasons for the price fall. Reports that General Foods planned to market a coffee and grain mixture in the U.S. also affected sentiment.

In Brasilia, however, Sr. Camillo Calazans, president of the Brazilian Coffee Institute, warned that coffee prices could rise much higher next year if climatic or other conditions reduce production.

The world market this year is being supplied by present production and reserve stocks, principally held in Brazil, Sr. Calazans pointed out. "In 1978 the story should be different," he said. "For the first time we will depend solely on the harvest because we will not have any more stocks to sell."

Cocoa's decline began immediately after the opening with a £40 permissible limit fall. And with dealers concerned about first quarter grinding levels in the major consuming countries values quickly lost further ground.

Market estimates of the first quarter decline in U.S. grindings range from 15 to 25 per cent, while U.K. and West German figures are variously expected to be unchanged to 10 per cent lower compared with January/March last year.

A report by Commodity Analysis of London, published yesterday said high prices may have a dampening effect on grindings during the second and third quarters. Overall cocoa consumption this year is likely to be below last year's level, the report said, with world grindings at under 1.45m. tonnes.

The report said prices are likely to fall sharply in the middle two quarters with nearby quotations in London returning to the £1,500 to £1,700 a ton range.

John Wicks reports from Zurich: The chocolate industry feels increasingly at the mercy of an unholy alliance of producers and speculators on the cocoa market, according to Theo Bossart, director of the Swiss chocolate company Lindt Spruengli AG.

Insufficient supply and very clever sales policy on the part of suppliers has brought about the price boom since mid-1975, he said, blaming speculators for what he calls the unprecedented excesses of the market.

Japan urged to double copper stocks

TOKYO, April 4.

JAPAN SHOULD double its stockpile of copper to 100,000 tonnes to prepare for lifting its ban on copper exports, the president of the Japan Mining Association, Yoshiteru Suzuki said.

An increase in the copper stockpile is necessary to prevent a shortage in Japan as seen after the oil crisis of 1973, Mr. Suzuki said.

He said Japan should also increase its stockpile of zinc to 100,000 tonnes from the present 12,000 tonnes and expand the aluminium stockpile.

Exports of Japanese copper have been banned since November 1974 in compliance with a strong request by copper exporting countries.

Reuter.

GUERNSEY HORTICULTURE

Growers unite under new banner

BY A CORRESPONDENT

AFTER A DECADE of still-born schemes and dashed hopes, the foundations have at last been laid of a Guernsey producers' organisation that could become a significant force on the Northern European horticultural scene. It will represent Guernsey's 2,400 commercial growers whose exports to mainland U.K. markets last year were worth some £26m., of which some £20m. was accounted for by tomatoes and about £6m. by flowers.

A body on the lines of the newly formed Guernsey Growers' Union has been the goal over since an official investigation committee concluded in 1967 that the future of the island's horticulture could "only be assured if the industry's efforts were properly co-ordinated."

Achieving this co-ordination has at times looked impossible in the face of all the conflicting cross-currents: the growers' suspicions of bureaucratic interference, the small man's fear of an industry dominated by the big producers, the differing patterns of tomato and flower marketing. By a feat not unlike the new art of projecting solid-looking laser beam images in thin air, the GGU has been conjured up in the void left by the growers' refusal, on the one hand, to accept a Government-sponsored body and their inability, on the other, to form a voluntary co-operative.

No pressure

Of their own free will and with no visible official pressure, the growers have been led step by step into creating an organisation that they will now be compelled to join and which is to be financed by a statutory levy on horticultural containers.

One of the most contentious issues throughout has been whether machinery could be set up to promote and market Guernsey flowers in the same way as some 50,000 tons of fruit are sold each year by the efficient Guernsey Tomato Marketing Board.

A proposal by the 1967 investigation committee that a Guernsey Produce Board should be formed to handle both tomatoes and flowers foundered on the rock that has sunk other schemes over the years—the refusal of the flower growers to consider any kind of centralised marketing system.

Even a plan for collective freighting through a Flower Transport Authority had to be abandoned, after being approved by local MPs, because of a growers' revolt that bordered on civil disobedience. This confrontation led to the emergence of the Guernsey Free Exporters' Association, a formidable body that now has to be consulted on any question of horticultural policy.

In 1974 there was another attempt to get the industry organised when a working party produced a 70-page report hopefully entitled, A Policy for the Future of Guernsey Horticulture. This envisaged a Guernsey Horticultural Organisation that would provide growers with "a complete range of services" and embrace both the Tomato Marketing Board and a projected marketing unit for non-edible produce.

Although this scheme was well watered down before it was put before the island parliament, with a voluntary Flowers and Plants Marketing Board substituted for the bureaucratic-sounding Horticultural Organisation, it was thrown out—and with it went all the members of the States Committee for Horticulture, who gave up and resigned en bloc.

Their successors have tried to "take the politics out of growing." Their first move was to invite the growers themselves to appoint a committee to investigate the organisational needs of the horticultural industry. The committee decided that there was so much conflict of opinion that no "voluntary co-operative" could ever attract enough members to speak for the industry, but that there was nevertheless a clear need for a unifying body.

A blueprint

The way it took out of the dilemma was to produce a blueprint of the Guernsey Growers' Union and then ask the growers if they wanted such an organisation, warning them that there would be no benefit in setting up "unless the project received the enthusiastic support of the whole industry."

There has been support, though perhaps it could hardly be described as enthusiastic. In a postal ballot in which 64.8 per cent. of the growers voted, 54 per cent. came out in favour of the GGU and the proposed levy of 10.2 per cent. in favour of a GGU but against the levy, and 30.7 per cent. against both proposals. The co-operative was finally voted into existence by 113 to 81 at a poorly attended meeting of growers.

Meanwhile, local MPs have agreed by a narrow majority—and against the advice of the Finance Committee, which feels there was insufficient evidence that the growers wanted the body—to an additional levy being imposed on imported horticultural containers to finance the co-operative for the first three years. At an estimated running cost of £18,000 p.a., this is expected to amount to 0.17p per container. The new levy will have to be notified to the EEC Commission but the Guernsey Committee for Horticulture "does not anticipate any problems."

Wool buying scheme approval welcomed

MELBOURNE, April 4.

GOVERNMENT APPROVAL for the Australian Wool Corporation's limited offer to purchase (LOPS) wool buying scheme is an important advance for the wool industry, according to Mr. David Asimus, corporation deputy chairman.

He also welcomed the granting of authority for the corporation to negotiate freight rates.

Approval of the scheme was announced by Mr. Ian Sinclair, the Primary Industry Minister, in Canberra on Friday. The corporation will be allowed to buy up to 150,000 bales of wool (about 3 per cent. of the total crop) direct from growers on a one-year trial.

The purchases will be at current market prices. The corporation hopes to become Australia's sole wool export authority if the trial is a success.

Reuter.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange, although trading was subdued. Forward metal opened firmly at £913 and held around this level during the morning, rising to £916 on the morning Kerb. There was some fresh speculative interest and some influential buying in the afternoon. [illegible]

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PRICE CHANGES

U.S. Markets

INDIA BUYS MORE SUDAN COTTON

NEW DELHI, April 4.

THE COTTON Corporation of India is to buy another 57,000 bales from Sudan worth Rs.220m. (£13m.) according to N. S. Kulkarni, managing director of the corporation.

The Corporation has arranged imports of 1.08m. bales worth Rs.2,870m. (£180m.) to help cope with the acute raw cotton shortage in India, which is one of the main reasons for present inflationary pressures.

[illegible]

FINANCIAL TIMES SURVEY

Tuesday April 5 1977

Greece and the EEC

Ready to be a full member

By Our Athens Correspondent

WHEN IN 1959 Prime Minister Constantine Karamanlis decided to open negotiations for Geece's association with the European Economic Community, he set the country on a course he still firmly believes in to-day—that Greece should become a full member of the EEC and play an active role in the future shaping of a united Europe.

The negotiations resulted in the signing of the Association Agreement in 1961, the first such agreement signed with the European Economic Community.

The main reason why Greece at that time chose the way of association, rather than outright adhesion as a full member of the Community, was that the state of the Greek economy then did not allow the country to undertake, immediately and unreservedly, the responsibilities of full membership. A relatively long transitional period of adaptation of the Greek economy was considered necessary.

The Association Agreement itself specified that, when Greece, in the course of the 22-year transition period, became ready to accept fully the responsibilities set out in the Rome Treaty, the contracting parties would examine the possibility of full Greek membership of the Community.

Premier Karamanlis has repeatedly stated that Greece, historically, culturally, socially, geographically and politically belongs to Western Europe, to the idea of a united Europe. His Government is convinced that the necessary economic conditions for Greece to become a full member exist to-day.

The ruling New Democracy party has the support on this matter of the Union of the Democratic Centre led by Mr. George Mavros. Together with five independent MPs, they command 276 of the 300 seats in Parliament. The opposition from the Left, composed of Mr. Andreas Papandreou's Panhellenic Socialist Movement with 16 seats and the Communists with eight seats, is opposed to Greece's entry in the EEC.

The Government's hurry to get Greece into the Common Market is more for political than for economic reasons. It believes that by cementing Greece into the West European democratic system it will shield the country from external threats, mainly from Turkey, and act as a deterrent to a possible return to the military dictatorship of the 1967-74 period. The haste is also prompted by fears that Turkey might sabotage Greece's accession bid or that the parallel candidacy of Portugal and Spain might delay it. The Government hopes Greece will become a full EEC member by the end of 1979, to be followed by a five-year adjustment period as in the case of Britain.

Since 1961 the Greek economy has shown remarkable dynamism in growth and development, and the conditions for further sustained expansion created during that period appear fully to justify Greece's request for immediate membership of the EEC.

GREECE IS well on the way towards becoming the tenth member of the EEC. In the entry negotiations that formally opened in Brussels last July, the Greek side has accepted the main principles of the Community, including the Common Agricultural Policy and the customs union, subject to the same five-year transitional period agreed for the U.K., Ireland and Denmark when they joined in 1973. The hope in Athens is that the negotiations can be concluded towards the end of this year or soon after, enabling the country to become a full member at the beginning of 1979. This, however, is regarded as over-optimistic in Brussels.

Greece's motives in seeking membership are both economic and political. Economically, the EEC is by far the country's largest trading partner, and Greece has long been preparing for entry through the tariff-cutting and policy harmonisation provisions of its 1961 Association Agreement with the Community. Politically, the Government of Mr. Constantine Karamanlis sees membership as the guarantee of Greece's democratic future. The Government believes that the vast majority of the Greek people are enthusiastic supporters of the entry application, which is opposed only by the Communists and the extreme Left.

The main danger from the Greek point of view is that Portugal's membership application, almost certainly soon to be followed by one from Spain, will induce the Community to pause to review the whole issue of its enlargement to the South. This is one of the main reasons for the speed with which the Greek Government is trying to push ahead with its own negotiations. Athens has received assurances that its bid will be treated separately on its own merits, but the Nine are becoming increasingly aware of the risk of setting unfortunate precedents for the Portuguese and Spanish negotiations by reaching over-hasty arrangements with Greece. The Nine are also finally starting to look, with some alarm, at the longer term implications of enlargement for the Community itself. The Greek hope is that the negotiating process has now gone too far for the principle of the country's entry to be called in question. But the way ahead may not be as easy as Athens would like.

Reginald Dale

According to OECD statistics, between 1960 and 1974 Greece's gross per capita income, at current prices, increased from $421 to $2,117, that of Ireland from $636 to $2,180, that of Italy from $694 to $2,706, that of Portugal from $281 to $1,507, and that of Turkey from $189 to $748. This means, among other things, that Greece's gross per capita income in 1974 almost reached that of Ireland and that her gross per capita income, at 1970 constant prices, has surpassed that of Italy in 1960.

Surpassed

Greece's gross agricultural product, at constant 1970 prices, amounted in 1961 to Drs.37.8bn. and represented 26 per cent. of total GDP, whereas that of manufacturing amounted to Drs.35.8bn., representing 24.5 per cent. To-day the picture is completely different. In 1976 Greece's gross agricultural product, at constant 1970 prices, reached Drs.56bn. It has increased by 50 per cent. since 1960, representing in 1976 about 15.5 per cent. of GDP; the figure for industry was Drs.115bn., increasing by 321 per cent. between 1960 and 1976 and accounting in 1976 for 31.8 per cent. of GDP. The product of the industrial sector has long surpassed that of the agricultural sector.

Another striking development, which underlines the change that has taken place in the Greek economy, concerns the country's exports, and especially of industrial goods. The total value of Greek exports in 1960 amounted to only $203m., of which a mere 5 per cent. represented industrial products. Exports to the EEC area that year amounted to $67m., accounting for 33 per cent. of total exports.

In 1975 total exports reached nearly $2bn., of which just over $1bn. (54.7 per cent.) were industrial goods. Exports to the nine EEC member countries that year amounted to $731m., or about 37 per cent. of total exports.

Imports from the EEC have also increased considerably since the Association agreement—from $203m. in 1960 to $2.2bn. in 1975, or 45.6 per cent. of the total import bill.

Details of a five-year plan for economic and social development — announced by the Government early in 1976—for the period 1976-80 have still to be made public. In general terms, the plan aims at an average rate of increase in national income of 2-3 percentage units higher than that of West European countries as a whole, which should narrow the gap in per capita income between Greece and those countries. According to provisional estimates, GDP in real terms went up by 5.8 per cent. in 1976, against an average for OECD European members of 3.7 per cent.

The plan also foresees a 9-10 per cent. annual rate of increase in industrial production, a 10 per cent. annual rate of increase in fixed investment, and the creation of about 200,000 new urban jobs.

Concerning the customs union between Greece and the Community, EEC tariffs on Greek industrial exports have already been eliminated. Greece in turn has eliminated tariffs on a large number of industrial imports from the EEC. Tariffs on the remaining industrial imports from the Community have been gradually reduced by 44 per cent. so far, and will be completely eliminated by 1984.

Bearing in mind that the count-down on Greek tariffs vis-à-vis EEC industrial imports started back in 1962, and that the process of tariff elimination is due to end in 1984, Greek industry should not receive any additional or unexpected shock from Greece's entry into the EEC as a full member. The membership agreement, it is understood, will grant to Greece the same transitional period of adaptation which was granted recently to the three new members of the EEC, and which is expected to coincide with what is left of the 22-year transitional period provided in the Association Agreement.

Government officials here point out what they consider a major difference between Greece and the other candidates for membership of the EEC—that Greece has already gone through a transitional period of adaptation of 15 years since 1962. During that period Greece developed close relations with the member countries of the EEC which, the Government considers, have prepared the ground for Greece's membership. Conversely, this close association has led member countries of the EEC to consider Greece as a near-future co-member.

Despite the fact that the Association Agreement in respect to agricultural products did not develop normally and harmonisation of agricultural policy was not accomplished, mainly because several articles of the Association Agreement were frozen during the seven years of military dictatorship in Greece, Greek agriculture has to a large extent been driven gradually to accept the main principles on which the Common Agricultural Policy is based.

All this has given the Government confidence it will be able to adhere to the rules and regulations of the Community, including those concerning agricultural prices, and this position was made clear by Greece when negotiations for membership started. Only for a very limited list of agricultural products, namely beef, pork, milk and dairy products, has Greece asked for a five-year grace period (for eggs it has asked for three years) to set up the necessary infrastructure to cope with EEC regulations.

On the other hand, Greek agriculture is not expected to create problems for the Community—first because the volume of Greek agricultural production is limited in relations to the total production and consumption of agricultural products in the Community, and secondly because most of Greece's agricultural products are complementary to rather than competitive with agricultural production in the EEC, and are expected to satisfy consumer needs which are now met by imports from third countries.

According to Mr. George Kontogeorgis, the Under-Secretary of Co-ordination, Greece bases its position for entering the EEC on sound economic criteria. "Negotiations are being taken very seriously and position papers have already been submitted on agriculture, as well as on four other sectors."

Concerning the customs union and free movement of goods, Greece is asking basically for a five-year transitional period; the end of which will almost coincide with the expiration of the transitional period foreseen in the Association Agreement. During that period, remaining insignificant non-tariff barriers will be abolished.

Consistent

With respect to external relations and commercial policy, Greece undertakes basically to implement, during the five-year transitional period, the Community's Common Commercial Policy vis-à-vis third countries, with only a few exceptions which concern very few sensitive products: a reservation which is consistent with what has been accepted in the case of Britain, Ireland and Denmark.

As far as Greece's contribution to the Community's budget is concerned, Greece has proposed a gradual transfer to the Community, during the five-year transition period, of funds from custom duties and import levies, as well as from the imposition of value-added tax which is still to be applied in Greece. This contribution, based on to-day's figures, has been estimated by the EEC at $180m. a year. One estimate is that after deduction of its contribution to the EEC budget, Greece will be eligible for a net capital grant in the region of $400m. a year for the five years.

Where regional development

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The view from Brussels

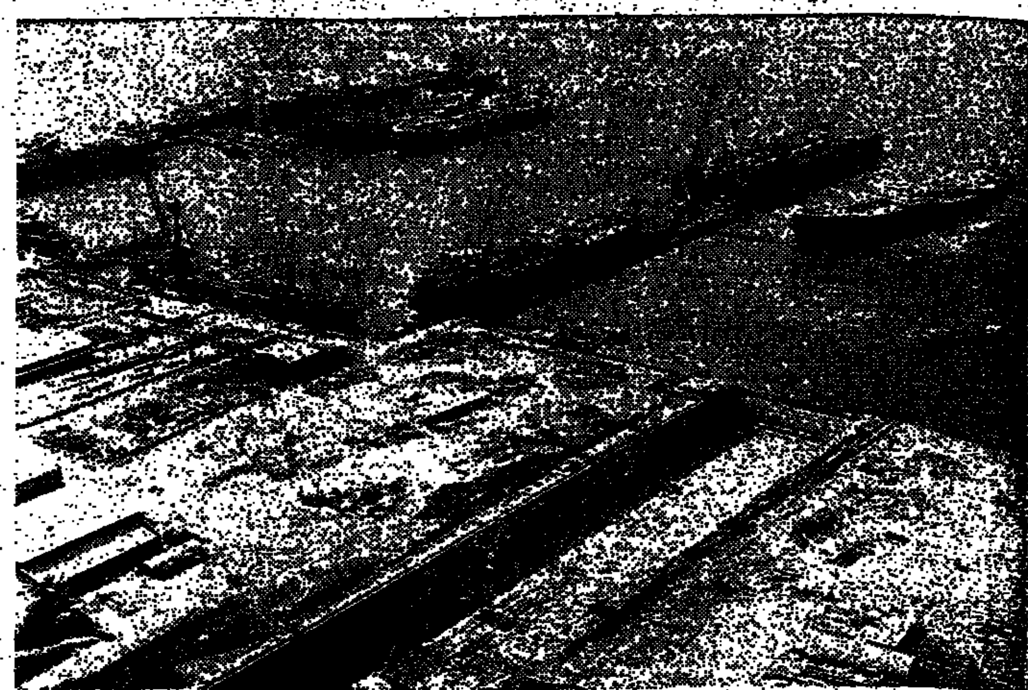
IN LESS than nine months since formal membership negotiations were opened with Greece, there has been a perceptible shift in attitudes inside the EEC towards the question of further enlargement. Last July, at the start of negotiations, no other Government had a membership request on the table and none seemed likely to submit one within the immediate future. Though some EEC Governments still had reservations about the Greek application it could be argued at the time that this was a special case which could be treated more or less in isolation.

Since then, Dr. Mario Soares's Government in Lisbon has moved more rapidly and more forcefully than anyone had foreseen towards submitting a Portuguese membership application. Like the Greeks before them, the Portuguese have sought to counterbalance the economic weaknesses in their case by laying heavy emphasis on political arguments. Dr. Soares has openly asserted that it is in the longer-term interests of the EEC to bolster Portugal's fledgeling democracy by accepting its application.

Although it has taken no formal initiatives so far, the Spanish Government is also eyeing the community with increasing interest. Spain still has some way to go in sweeping away the undemocratic legacies of the Franco regime before it will be considered by all Nine to have attained an acceptable level of political development. But the holding of free elections, planned for early this summer, will mark an important step in that direction, and it is expected in Brussels that Spain will apply to join the EEC before the year is out.

These developments have caused Greece's application to be viewed in a somewhat different light, both in Brussels and in other EEC capitals. While there has been no concerted move so far to try to link the current negotiations with Greece formally with the expected negotiations with Portugal and Spain, it is now widely recognised that whatever agreement is reached with Greece will have an important influence on the terms of the deals struck with the other two countries. This has inevitably caused negotiators at the European Commission to tread more cautiously than the Greek Government itself would like.

Spurred on by the approaches from Portugal, EEC governments have embarked on an effort to assess the consequences of admitting as many as three new members. Though they are still a good way from any consensus on practical methods of dealing with the problems involved, discussions among foreign ministers have at least led to a more general realisation that further enlargement is likely to bring profound and far-reaching changes to the way in which the Community operates.



Greek yards can build ships of up to 40,000 tons. The photograph shows Hellenic Shipyards, Skaramanga.

While Greece, Portugal and Spain each pose individual problems of their own, they share a number of obvious similarities. All three are Mediterranean countries, and their admission will inject a strong Southern European element into the predominantly Northern European character of the present Community. All are also markedly less developed economically than the EEC average and will require substantial aid if the present trends towards economic divergence are not to be aggravated and the risk of establishing a "two-tier" community is to be avoided. Where this aid should come from, and in what quantities, has yet to be decided.

Determined

Together, the three countries will pose an especially acute challenge to the EEC's already overburdened agricultural system and could make the Common Agricultural Policy wholly unworkable unless it is radically modified. Ironically, the two countries which stand to suffer most from the new entrants' abundant production of products like wine, citrus and olive oil, are France and Italy, which have been among the strongest supporters of extending the Community's Mediterranean boundaries.

While the sincerity of the Greek and Portuguese Governments' protestations of European enthusiasm is not in doubt, it is unlikely to be enough to overcome the institutional difficulties posed by enlargement. It is now widely acknowledged that the decision-making mechanisms of the EEC have worked less efficiently since it grew from six to nine, and many people fear that there will be a further deterioration in a Community of 10, 11 or 12. Unless some reforms are carried out, there is a danger that true Community decision-making could be shunted aside by a group of the bigger countries acting as an informal "directoire."

One change favoured by the Benelux countries is the wider application of majority voting in the Council of Ministers, which would make it impossible for any single member to exercise a veto. Though it is uncertain how much support this proposal will ultimately command, even France has recently been moved to concede, through its Foreign Minister, M. Louis de Guiringaud, that an examination of the institutional workings of the EEC would be desirable before further enlargement takes place.

Equally surprising, in view of France's stalwart championship of Greece's membership and its relative coolness towards that of Portugal, is M. de Guiringaud's suggestion that the EEC should adopt a kind of global approach to the cases of the three prospective new members. A feature of this would be the replacement of firm dates for entry by the stipulation that the candidates must first fulfil progressively a number of specified conditions.

The Greek Government is quite clearly aware of the risk that any delay in its membership negotiations will lead to increased pressures to link its application more closely with those of Portugal and Spain, and fears that this would mean entry later and on less favourable terms than it would like. It has also let it be known that, for domestic reasons, it is keen to have the negotiations wrapped up before the next legislative elections are held in November, 1978.

It was apparently the feeling that negotiations were not moving ahead fast enough which caused Athens to replace its two top negotiators at the end of last year. But, despite this abrupt decision, the pace of the talks with the European Commission does not seem to have accelerated significantly so far. Exchanges to date — held roughly once a month at ambassadorial level and once every quarter at ministerial level — have been aimed at establishing what the Commission calls a *vue d'ensemble*. In practice, this means a detailed exposition by the Commission of the obligations and benefits which EEC membership will entail for Greece. Only after this has been completed will negotiations begin in earnest on the precise terms of entry.

So far, these discussions have dealt with customs union, budgetary contributions, external relations and regional policy. According to Commission officials, the ground has not been covered as quickly as it might have been because the Greek Government's enthusiasm for membership has not always been matched by its diligence in preparing for negotiating sessions. However, the Commission view is that the examination to date has revealed no insuperable obstacles, though it is clear that Greek policies will have to be adapted in a number of important ways after entry.

Among these will be a progressive liberalisation on the trade front, vis-a-vis both the Nine and those developing countries with which the EEC has contracted special trade links. Although Greece can claim that, under its 16-year-old association agreement, two thirds of its imports from the EEC enter duty-free (and all its exports to the EEC are duty-free), it continues to protect its market by means of a battery of non-tariff barriers. These will have to be gradually eliminated.

Greece's system of State aids will also have to be modified, notably as regards regional policy. Its current system of aiding regional development through subsidies is incompatible with the EEC's capital grants system and will have to be altered if Greece is to be eligible for disbursements from the Community's Regional Fund.

Scheduled

Still to be tackled seriously are agriculture, coal and steel and possibly social policy. Of these, the most formidable difficulties are likely to be posed by agriculture. There is particular concern in the Commission that, unless decisive measures are taken, high EEC prices could soon create a glut of Greek olive oil, currently sold for far less than its Italian equivalent. Greece's tobacco exports outside the Community will also have to be treated carefully, since they will require subsidies.

Even more critical will be the treatment of fruit, vegetables and wines. Here, the arrangements offered to Greece will have to be tailored with the prospective membership application from Spain very much in mind, and will require very delicate negotiation. France, which already suffers from a worrying surplus of unsaleable cheap wine, and Italy, with its notoriously inefficient citrus and vegetable production, will be found to oppose any offer to Greece which would risk exposing them later to stiff competition from Spanish exports of these products.

In these circumstances, it is hardly surprising that the Greek Government is so keen to dissociate its application from others which may follow in its wake. However, a number of observers in Brussels are starting to doubt whether negotiations with Greece can be completed until a major battle has been fought out between the Nine over general economic policies towards the Mediterranean EEC regions and agricultural policies in particular.

Italy is pressing hard for such a review, and the new EEC Commission, under the Presidency of Mr. Roy Jenkins, is moving forward with work on a number of concrete proposals already begun by the previous Commission. But it is uncertain whether the Nine will be able to open discussion on the agricultural aspects much before the autumn, and it could be next year before a start is made. In these circumstances, there would be little hope of Greece entering the EEC at the start of 1979, as its Government originally hoped, and the most pessimistic scenarios suggest that entry might even be delayed until as late as the beginning of 1981.

The Nine have shown little inclination so far to assess the likely consequences of Greece's entry for the EEC's policies towards the eastern Mediterranean and relations with Turkey, itself a potential candidate for membership after 1985, though dealings between Brussels and Ankara have been somewhat cool since the start of entry negotiations with Greece.

There is clearly a risk that the EEC will find it more difficult to maintain a cohesive and even-handed attitude towards future problems in Cyprus and the Aegean once Greece is a member.

Such questions will have to be faced squarely sooner or later, however. For the EEC is now clearly engaged in an irreversible process in its negotiations with Greece, and one which seems certain to produce a major transformation in the Community itself. If delays occur in the negotiating timetable in the meantime, the Greek Government will inevitably be disappointed: but if the time provided by these delays is used sensibly by the Nine to strengthen the EEC in advance of enlargement, Athens will be hard put to argue that it has not been well spent.

Guy de Jonquieres
Common Market Correspondent

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Member

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policy and State aid are concerned. Greece agrees in principle to adapt its existing regional development policy to that of the Community and expects to receive a fair share of the funds allocated by the Community's regional development fund.

Says Mr. Kontogeorgis: "Greece's position at the negotiations is, we think, very reasonable. Greece accepts the 'acquis communautaire' with the reservation of a short transitional period, which is considered necessary in order that the economy may adapt itself smoothly to the new conditions."

Consequently, he says, the pace of the negotiations should be accelerated, given that Greece has solved many problems concerning relationship with the Community in the framework of the Association Agreement, which after 15 years of implementation has laid the groundwork for Greece's membership.

Under a second financing protocol signed last February, Greece is to receive aid worth \$336m. from the EEC by end-October 1981 to make the necessary structural readjustments leading to full membership. Of the total, \$270m. will be loans from the Community's European Investment Bank to finance projects for building up Greek agriculture and diversifying the economy. The rest will be outright grants, except for \$12m. which will be long-term loans at very low interest rates. The first financing protocol under the Association Agreement had covered a sum of \$125m.

Optimistic view by industry

GREEK MANUFACTURERS, preparing to take Common Market membership in their stride, are looking to at least 30 years of steady industrial growth. They base their confidence on the permanent factors of labour cost and freight differentials, in conjunction with Greece's relative proximity to the expanding markets of the Middle East and North Africa, and shrug aside the effect of the forthcoming limitation of the remains of a protective tariff system that was, in any case, due to be phased out by 1984.

This thinking is expressed forcefully by Mr. George Drakos, President of the Izola Corporation, one of this country's largest electrical appliances manufacturers, and a past President of the Federation of Greek Industrialists.

It marks a departure both from previous attitudes within industry, especially before the rapid growth of trade exchanges with the nations of the Arab world got under way, and from enduring nervousness outside industry—a nervousness that industrialists tend to regard as basically unjustified.

The optimism is based essentially on the fact that Greece is a country of light rather than heavy industry, and hence of labour *intensive* units of the type where product freight costs tend to be disproportionately high when compared with the cost of freight on imported raw materials.

It is thus one of the three or four Mediterranean countries best placed *to benefit from* the already discernable movement of European light *industry* towards the south. And of these Mediterranean countries — Spain, Portugal and, to some extent, southern Italy are the others — Greece is the one closest to the developing Middle East market.

Protection

The immediate problem facing Greek light industry in relation to the anticipated Common Market accession, is regarded more as one of the size of units than the loss of protection.

This was noted last year by Co-ordination Minister Panayotis Papaligouras, the Greek Cabinet member responsible for the economy as a whole and the membership negotiations with the EEC.

Addressing a Financial Times conference in Athens last year, he said that "notwithstanding the rapid growth of output of the manufacturing sector, companies are still, in many cases of a small size, with limited specialisation and relatively inadequate access to modern technology. In spite of the fact that some important units of production have become internationally competitive . . . there can be little doubt that vigorous and sustained growth calls for larger, more integrated, export oriented and aggressive enterprises. In this respect, the scope for mutually beneficial co-operation with foreign companies is very wide indeed."

This still holds true. And one answer lies in participation—which usually in the end leads to takeover—by foreign companies in Greek units. But there is also a Greek reply: mergers.

There is already a tendency towards mergers, and this is likely to have been stimulated by last year's arrangement whereby Siemens of West Germany acquired 33 per cent of one of the oldest Greek electrical appliances industries. The Siemens entry, however, should also be viewed as an example of the southward movement of European light industry and it may well turn out that the Germans made a *better choice* than other *European industries who have preferred* to go to Italy.

Partly *it is a question of costs.* Industrialists here believe that the countries of Western Europe will little by little abandon the light or assembly branches of industry, because they will not be able to meet the high level of costs, and will switch to more complex products, such as computers, where they can pay higher wages. The light industries will come more and more to the south.

Greek labour costs would naturally go on increasing, but *labour in Western Europe is* hardly expected to wait for the Greeks to catch up before asking for more. Thus, the gap would *always exist.*

And partly it is a question of freight.

Raw materials paid freight on weight and products paid freight on volume. This created a built-in "protective tariff" for the Greek domestic market in relation to imported consumer goods that should not end with Common Market membership. It also enhanced the importance of Greece's geographical proximity to the Middle East—last year the Izola group had exports worth about $12m., of which around 80 per cent. went to the Arabs.

Freight is becoming a steadily more *significant constituent* of product costs as demonstrated by the way *steel industries* are moving away from the coalfields and towards *the coasts.*

And finally there is the political *factor:* "I *wouldn't* be a Greek if I omitted to observe that we are more welcome in the Arab world than the multinationals, for example, and more able to adjust production to certain peculiarities of Arab demands," says Drakos. "Siemens extended to Greece mainly because of this consideration."

Relations

Greece, in *fact, does* have traditionally good relations with the Arab *countries. It has* supported the Arabs on the Palestinian question. Trade with the Arab and African world as a whole is growing faster than any other trading group, to the point where these countries now make up Greece's second most important trading area, after the Common Market. This year's agreement on creation of a Greek-Syrian rail ferry service is seen as the forerunner of an expanding communications network that, eliminating the "*Bosphoros bottleneck*" restricting overland movement of trade to *the Middle East, will* make access to the OPEC nations easier and cheaper both for Greek products and European products routed through Greece—but with the freight cost factor continuing in Greece's favour.

For these reasons — labour, freight and geography—in the next 30 years European light industry is expected to concentrate increasingly in the Mediterranean countries. Thus, the growth potential for Greek industry is rather intensive, especially for products with a high freight cost that meet the needs of the peoples of the *Middle East* and North Africa.

This applies particularly to consumer goods. *Also promising* are mining and metallurgical *industries processing* Greek raw materials, petrochemicals (*depending on the cost at which* local oil finally becomes available), *and certainly not excluding* heavy industry, also because of the freight factor.

The same considerations should provide a continuing boost for Greek textiles—ready-made clothing, wool and fine fabrics, though Greece will not aim to compete with places like Hong Kong and the Philippines in grey goods. While growing *rapidly*, the Greek textiles industry, it is felt, still has a long *way to go. But West European* textiles industries have not made, and it *seems* will not make, the necessary investments, instead; preferring to join the move south. Freight will play some role in this too, but in textiles, the main factor is the cost of labour.

And what of Common Market accession?

The existing association agreement provides for a 22-year adjustment period leading to tariff disarmament by 1984, and already there has been a progressive reduction of tariffs.

At present, when the tariff paid by Greek industries on imported raw materials is balanced against the current level *of protection* enjoyed by these industries against similar European *goods, the average difference*—excluding taxes—comes *to around* 17 *per cent*. That is what the Greeks stand to lose.

According to Mr. Drakos "The people and the politicians seem to believe that the whole EEC problem concerns only Greek industry. But it is a problem for the entire economy. And of all sectors of the Greek economy, industry is the one nearest to complete readiness for the day of accession."

By a Correspondent

A food market in Athens.

Major benefits for agriculture

DESPITE IMPRESSIVE progress in industrialisation, Greece still remains to a very large extent an agricultural country, with 35 per cent of the working population being employed in agriculture, which contributes an estimated 15.5 per cent of the gross domestic product. Being self-sufficient in many agricultural products, Greece grows many more of these which it already supplies to the European Economic Community. Thus the country's planned accession to the Common Market should mean direct benefits to the Greek farmers as the Community absorbs excess Greek production. But the Greeks feel it should also benefit the Community which will thus acquire products it now imports from Greece or other third countries. On the whole, the successful harmonisation of Greek-EEC agricultural policy is regarded in Athens as a vital prerequisite for accession.

Greek food production in the past 20 years is estimated to have risen at an average annual rate of 4 per cent, though with serious fluctuations particularly in recent years. However, the substantial rise in living standards has necessitated sizeable food imports to cover local (and tourist) needs. Self-sufficiency of local production has already been attained in certain basic products such as wheat, rice and sugar (made out of beets). On the other hand, Greece has had to import substantial quantities of meat and milk, as well as maize and other livestock feeding stuffs.

Harmonisation

The Greece-EEC Association Agreement, which was signed in 1961 and came into force a year later, provided that harmonisation procedures in the entire agricultural sector should be completed by November 1, 1984. The contents of such harmonisation were not spelled out, but only its target was defined as "equality of treatment" of the contracting parties' products in each other's markets. Harmonisation negotiations were suspended during the 1967-74 military rule and were resumed a little over a year ago, with priority given to Greek exports of fruits and vegetables as well as wines. However, not much progress has been made to date.

The nine-member Community already absorbs half of Greece's total exports of food products and beverages, which in 1975 were valued at $493.4m., and 29 per cent of total tobacco exports which amounted to $47.6m.

A common agricultural policy presupposes a collection of adjustable regulations which are in accord with the Community's broader aims and of benefit to all parties concerned. The Greek authorities are impressing on Greek farmers the fact that the Community is making a Europe-wide attempt to co-ordinate national agricultural policies for a better solution of the respective national problems and weaknesses. In this context, the Common Agricultural Policy represents a common effort—carried out through national as well as Community organs—to remove by gradual stages the competitive character of agricultural products of member countries. This means that ultimately agricultural production should serve, as effectively as possible, national as well as Community needs. In other words, in the context of the CAP, farm production should not only cover local national needs but the needs of the wider Community as well, without undue competition and, wherever possible, without undue sacrifices on the part of farmers in the various member countries.

The authorities hasten to add that national control of agricultural production and development will not be abandoned as a result of accession to EEC. The principal role for such development will still be played within Greece. Agricultural policy will merely supplement national policy by assisting in the absorption of excess national output and in the assurance of more or less steady prices for farm products. Furthermore, the Community's various agricultural funds are designed principally to help finance development rather than to play an active planning role.

Broadly speaking, Greece's agricultural production is complementary rather than competitive to that of the Community as a whole. Because of favour-

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GREECE AND THE EEC IV

Great hopes pinned on petrochemicals projects

IN RECENT months, the Government has multiplied its assurances that State entrepreneurial investment is only supplementary to that undertaken by private enterprise, which it considers the backbone of Greece's future economic development. Prime Minister Constantine Karamanlis himself has called for bolder private initiative and more generous support from the banks. Despite this, however, State intervention in the overall cycle of economic activity is considerable, including the overt or camouflaged nationalisation of various sectors of the economy.

The State's latest venture concerns plans for the establishment of a $641m. petrochemicals complex in Macedonia by the Hellenic Industrial and Mining Investment Company (ELEVME).

The ELEVME is a consortium set up in 1975 by four State-owned and State-controlled banks to undertake large-scale investments in metal and chemical industries, where private initiative is unwilling or unable to tread. According to its governor, Mr. Constantine Goustis, no interest has been shown by private enterprise in the petrochemicals project, possibly because of its magnitude and the relatively long period it will take to build it. But there are those who believe it may be because in the form proposed it could prove economically unsound.

The petrochemicals complex is to be set up at Nea Karvali, a few kilometres East of Kavala and North of the North Aegean island of Thassos, off which oil and natural gas deposits have been found. It is based on a feasibility study by Foster Wheeler and will centre on an ethylene steam cracker unit with an annual production capacity of 250,000 tons.

The whole complex will take five years to complete and other factory units, to be built in stages, will produce (in tons per year): ammonia 333,300, caustic soda 67,000, chlorine 60,000, low density polyethylene 140,000, high density polyethylene 50,000, polypropylene 50,000, vinylchloride monomer 90,000, polyvinylchloride (PVC) 90,000, pyrolysis gasolene 170,000, and sulphur 13,200.

The annual value of sales to the domestic market, once the complex is in full production, has been estimated (at to-day's prices) at $307m., and the resulting annual saving in terms of foreign currency by import substitution at $143m.

About two-thirds of outlay will have to be in foreign currency, with the source of financing largely depending on the nationality of the companies which will supply the equipment and undertake its installation. Majority holding in the companies which will operate the factories will remain in Greek hands.

By being built at Nea Karvali, the petrochemicals complex will help decentralise industry away from Athens and Salonica where most of it is concentrated. On the negative side, it will place it 700 km from the Athens area, the major consumption centre for petrochemical products and, from a military point of view, only 200 km from the Turkish and Bulgarian borders. The lack of infrastructure in the Kavala area creates additional obstacles.

Although the project has been calculated on the assumption that raw material will have to be imported, it is hoped that Aegean natural gas will make it more profitable.

Doubtful

As things stand now, however, this is highly doubtful. The natural gas deposits off Thassos have been estimated at 49bn. standard cubic feet. Pumped out at the rate of 11m. cubic feet a day, they would provide 23,000 tons of ethylene a year after being processed by the complex, and anyway run dry in just over 12 years.

The natural gas liquid deposits off Thassos have been estimated at 45.7m. barrels. Exploited at the rate of 7,600 barrels a day, they would last about 16½ years, and provide a further 94,000 tons of ethylene a year.

The Kavala gasfields have been estimated at 109.5bn. cubic feet of natural gas which, because of its dry nature, would require an investment of $50m. to yield 20m. cubic feet a day and provide 37,000 tons of ethylene a year for about 15 years.

Together, therefore, all the deposits in the Thassos and Kavala area would give a total of 153,000 tons of ethylene after being processed by the steam cracker unit of the petrochemicals plant. A steam cracker such as that envisaged for Nea Karvali working at below 70 per cent. capacity is considered commercially unsound. To work at full capacity, the unit would require, in addition to the natural gas deposits, about 420,000 tons of naphtha, either imported or from excess production from the country's oil refineries.

Despite having sparked the present quarrel with Turkey over territorial rights to the mineral riches in the Aegean, the Thassos oil find has so far not justified the great expectations. The latest appraisal of the oil deposits discovered there by a consortium of American and European companies late in 1973 has confirmed the original estimate of 25,000 barrels a day, or about 1,250,000 metric tons of crude a year, at to-day's prices worth over $100m. But it will require an investment of $250m. in production platforms, submarine pipelines and offshore installations to exploit the oil.

According to Minister of Industry Constantine Konofagos, from all indications the seabed of the Aegean is fragmented because of innumerable geological faults, making the exploitation of any oil deposits there difficult if not commercially unsound.

Combustion tests by the Romanian Rompetrol, which is searching for oil in the Nestos estuary (North of Thassos) on behalf of the Greek Government, have shown that the oil deposits found at a depth of almost 4,000 metres are not worth exploiting. Rompetrol is continuing with a second borehole, but the outlook is pessimistic.

In 1976, Greece spent $742m. on imports of crude oil processed at its four refineries. The Government is therefore justifiably eager to find exploitable oil deposits and has launched a campaign aimed at reducing electricity and petrol consumption. The State-controlled Public Power Corporation's future development programme is based on the minimisation of the use of crude oil for electricity production and the increased use of lignite and water resources, and also the installation of a nuclear plant by 1984.

The Government's move last year to acquire full ownership of the Aspropyrgos refinery near Athens and through it control the oil sector, does not seem to have paid the expected dividends.

Regulatory

The two-thirds stake in the Aspropyrgos refinery held by the Niarchos group was acquired by the State against $12.3m., plus $63m. in outstanding debts. The whole refinery was valued at $121m. It has an annual processing capacity of 5m. tons of crude.

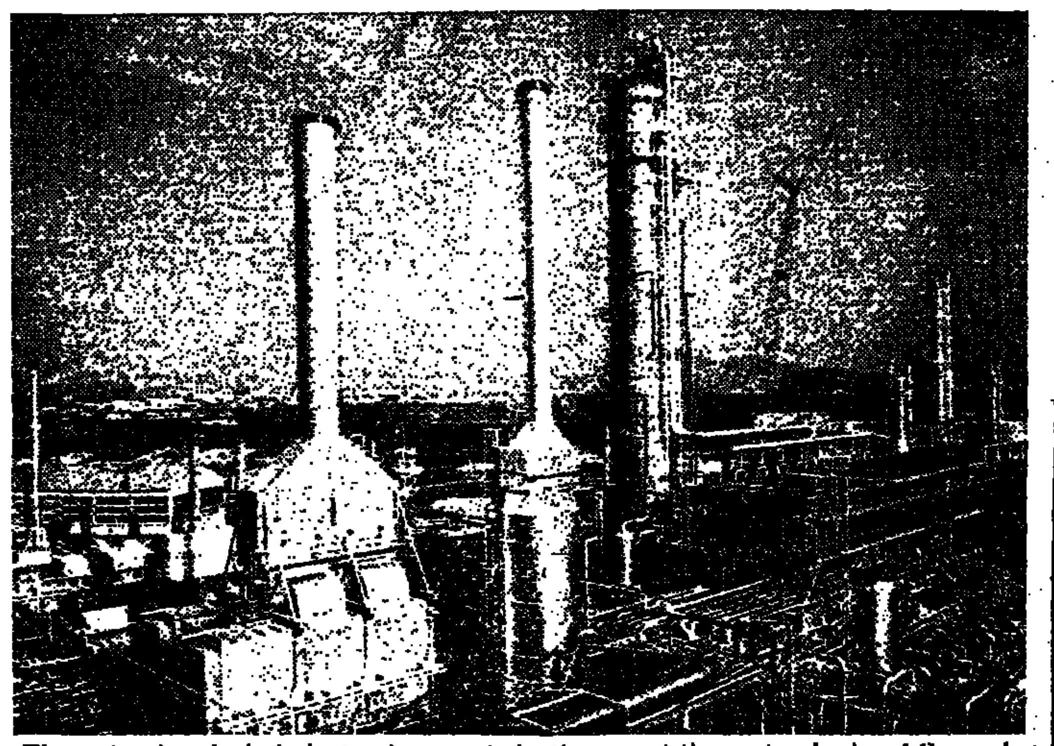
The refinery was taken over ostensibly so that the Government could better exercise a regulatory role on crude oil purchases and processing and on sales prices of petroleum products for the domestic market.

The other three refineries in Greece are that of Esso Pappas in Salonica, with a yearly processing capacity of 3.6m. tons, the Latsis refinery in Eleusis with 4.7m. tons and the export-oriented Vardinoyannis group refinery near Corinth with 6.6m. tons. The last two are not fully integrated refineries, lacking down stream units.

Total Greek 1977 crude oil requirements have been estimated at 8.4m. tons. The Government has arranged purchases of 1.5m. tons from Arab states and a further 1.2m. tons from the Soviet Union. B[...] having difficulties over pri[...] negotiations with a conso[...] composed of BP, Shell, [...] Mobil for a further 1.9m. [...] The consortium had sig[...] contract with the milit[...] tatorship to supply 25m. [...] crude spread over a peri[...] 13 years, but the prices [...] that contract have long be[...] theoretical.

Since 1958, the price of [...]leum products on the [...] market is set by the State. [...] argument is that it [...] Aspropyrgos refinery work[...] efficiently under State co[...] the final cost of the petr[...] products, based on the A[...]pyrgos economics, will rise, [...] the other refineries are bo[...] increase their profit ma[...] On the other hand, if the [...] of petroleum products is w[...] out on the cost point of [...] other refineries, the A[...]pyrgos refinery may end [...] being subsidised by the St[...]

N. J. Michael[...]



The petrochemicals industry is expected to be one of the main planks of Greece's economic development.

Agriculture

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able climate and soil. Greece has a distinct advantage over the EEC in products such as tobacco, currants, cotton, olive oil, citrus and other fruits and early vegetables, which are produced either in limited quantities or not at all in the EEC. On the other hand, the Community has a relative advantage in livestock output (particularly in meat and milk), in which Greece faces problems. In particular, whereas livestock products are believed to make up about 68 per cent. of total agricultural output in the EEC (and, more specifically, meat makes up 40 per cent. of the total, milk 23 per cent. and eggs 5 per cent.), in Greece the corresponding percentages are 31, 18.5, 8.1 and 2.7 per cent. of total farm output.

The structure of Greek agricultural products only approaches that of the Community's two Mediterranean members, France and Italy, particularly as regards olive oil, fruits and vegetables, with Italy being the principal competitor. But even in these products, the Greeks point out, the Community as a whole is already in deficit, which will be reduced following Greece's accession. On the other hand, accession will mean a definite advantage for the Community, with the introduction of Greek currants (both Corinth and sultanas), cotton and oriental tobacco, which are not produced anywhere among the Nine.

Facing the vital issue of agricultural harmonisation has been the subject of many debates in Greece. In Parliament recently, opposition speakers, while not opposed to accession in principle, described the Community's periodic imposition of countervailing duties on Greek fruits and vegetables as "illegal" and contrary to the Association Agreement in force.

Transition

Apart from a transition period of three to five years during which special regulations will be in force (at least for a limited number of products, such as eggs, milk and other dairy products as well as beef meat), EEC agricultural regulations will ultimately be applicable to Greek agriculture as well. Meanwhile, Greek farmers have been trying to assess the multiple implications of a CAP. In the first place, the prices of agricultural products should become stabilised and wide fluctuations will be avoided. Greek farmers are convinced of such a substantial benefit, they will be able to plan most profitable crops far ahead, certain of obtaining steady prices in a wider market. All this is not a panacea for the weaknesses of Greek agriculture, but it should prove an incentive for a restructuring of the crop system and the creation of more viable, more mechanised and more efficiently organised agricultural holdings, perhaps with the assistance of more effective farm co-operatives. This, together with special assistance extended to less developed regions, is expected to replace the present costly system of budgetary support of prices, which in many cases ends up in the hands of trade middlemen rather than in those of farmers or their co-operatives.

Finally, a properly applied agricultural policy will automatically necessitate a much-needed standardisation of farm products, which will be to the ultimate benefit of farmers and consumers alike. Greek sources estimate that Greek agriculture will require investments totalling about Drs.16bn. (or $425m.) over the next five years for its full readjustment to the Community's Common Agricultural Policy.

Antony M. Economides

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Steel: smooth transition can be expected

GREECE IS not associated with the European Coal and Steel Community (ECSC). Moreover, Greece's 1962 association agreement with the EEC did not provide any special tariff arrangements for the exchange of ECSC products. Consequently, all negotiations have started from a third country basis, with Greece seeking a special transitory period for the gradual dismantlement of Greek duties and other barriers with the Community as well as the application by the Nine of the ECSC treaty provisions to Greece. It is estimated at five to seven years. Greek steelmakers are also pressing for some temporary privileges to protect their enterprises from their much stronger European competitors.

Total capital invested in the steel industry in Greece exceeds $250m. (about $500m. at present values). It consists of six steel plants, which between them have an installed nominal capacity not more than 2.5m. tons of raw steel. But the plants are working at about 50 per cent. capacity, covering only the demand in reinforcing bars but only half of national consumption. Imports of steel types not produced in Greece average $250m. a year.

The main disadvantages of the Greek steel industry are that raw materials (ores, coal and scrap) are dependent on imports and the country's energy sources are limited. However, because they were erected or modernised just before the increases in cost of equipment, Greece's mills should not absorb much additional capital in their progressive adaptation to Community regulations and conditions.

Capacity

The four mini steel plants in Greece are Steelworks of Northern Greece, with an annual capacity of 300,000 tons, Metalurgiki Halyps, with a capacity of 250,000 tons, Halyvourgia Thessalias (150,000 tons) and Hellenic Halyvourgia (300,000 tons).

A recent study showed that steel consumption in Greece will grow from the present 1.7m. tons (a mere 1 per cent. of EEC consumption) to about 3.5m. tons by 1985, out of which 1.2m. tons will be reinforcing and merchant bars.

Installed capacity in Greece already covers this forecast for steel bars. Because of a ban on scrap exports, the Greek steel industry can buy domestic scrap at prices below international levels. But domestic scrap supply is insufficient to satisfy the requirements. Joining the ECSC, where no surplus of scrap exists, will not improve the situation.

To reduce imports of scrap would require a direct reduction plant to supply Greek mills with reduced pellets. But such a project would need cheap natural gas, which for the time being at least does not exist in Greece.

Exports of bar products depend on the price of scrap and electric energy; neither commodity is cheaper in Greece than in the ECSC. In general, because of an overproduction of reinforcing bars in most countries, such exports generate losses to steelmakers unless extensively subsidised.

With the development of industry and the consumption of large quantities of flat products (for durable consumer products, steel construction and shipbuilding and repair) and the investment saturation for bar products, flat products production became an interesting proposition in Greece.

At present the initiative in flat products remains in the hands of two private companies —Halyvourgiki's integrated mill with 1m. tons capacity, near Athens, and the cold-rolling plant of Hellenic Steel in Salonica.

Apart from reinforcing bars, Halyvourgiki is also making hot plates, hot coils and some cold rolled products. In the last three years, the owners have turned their attention to electric scrap melting furnaces so that their mill can continue to operate when the dismantling of the small blast furnaces becomes a necessity. The rolling of wide flat products from scrap melting is a novelty in Europe, and Halyvourgiki has made the first experiement by investing in its modern plant in Newport.

The results from scrap melting may be hopeful for hot-rolled finished flats, but the sophisticated qualities needed for cold reduction are not expected to be met. With a demand of more than 15m. tons in Europe for hot-rolled flats, Halyvourgiki's specialisation in plates as well as hot-rolled coils not for re-rolling may be a viable target.

A proposal by Hellenic Steel to expand its cold-rolling plant in Salonica from 350,000 tons to 750,000 tons capacity has not yet been approved by the Greek Government, despite its obvious profitability and the effect it would have on the development of the metal-working industry.

This company, established under a 1962 agreement between Greek-American businessman Tom Pappas and the Government, undertook to invest $40m. in an integrated steel mill with an annual capacity of 250,000 tons of flat products. So far, $38m. has been invested in a plant which by-passes the steelmaking and hot-rolling stages.

It is estimated that EEC cold-rolling sheet production will grow from 30m. tons in 1976 to about 37m. tons in 1980. If Hellenic Steel's expansion plans are given the green light, Greece's share could be increased to 750,000 tons, or about 2 per cent. of the EEC total. The expansion would require 900,000 tons of hot coil a year, or 10 per cent. of EEC consumption of hot coil for cold reduction. Hellenic Steel, which now pays an import duty of 12 per cent. on its hot-rolled coils, plans to obtain these largely from the EEC once Greece becomes the tenth member of the Community. Re-rolling by independent plants in areas distant from steelmaking centres is favoured by Community provisions to equilibrate markets and face competition from third countries.

The Greek Government's reported temptation to put under its control the production of flat products may be a plausible explanation for the delay in this investment approval. Halyvourgiki with its problematic survival as an ore-processing integrated plant, and Hellenic Steel because of non-fulfilment of the old integration agreement, may be pushed to yield to such a solution.

A $555m. investment package deal signed in 1974 between the Government and the Karageorgis Shipping Group has now been given the go-ahead after objections raised by environmental and archaeological societies were overruled.

The problems of the Greek steel industry and the possible ways in which they can be solved were summarised recently by Mr. Basil D. Anastassiou, a metallurgical engineer. Mr. Anastassiou recommends that the Public Power Corporation development programme should be studied in conjunction with the electric power requirements of the steel industry, which is based mostly on electric furnaces. He stresses the need for nuclear power stations to supplement the present oil and lignite-fired stations. He also recommends the establishment of shipbreaking yards to reduce the reliance of the mini-steel plants on imported scrap.

As an alternative, he suggests that the Government should investigate the possibility of buying and piping natural gas from or through neighbouring countries. The idea is that if this can be done economically, direct reduction could provide the Greek steel industry with an alternative source of raw material to scrap.

A Government-appointed committee was formed early this year to study the Greek steel industry in relation to the ECSC. It is faced with the difficult task of reaching conclusions which will form the basis for future negotiations with the ECSC while taking into consideration conflicting interests and divergent opinions in the country.

The committee has recommended the immediate abolition of duties and the application of bareme prices for Greek steel exports to the Community, to run parallel with a gradual reduction of Greek import duties on ECSC products over five years. It also insists on the need to maintain the high duty protection towards Third World countries for steel products and the exemption from ECSC investment controls until the end of the transitionary period. The committee believes that if the requests are accepted the Greek steel industry can become a full ECSC member seven years from now, in which period it will have made the adequate investment to ensure the competitiveness of Greek steel products.

By our Athens Correspondent

Few problems foreseen in Brussels

THE NEGOTIATORS from Brussels and Athens have not yet reached the steel item on the agenda, but no real problems—at least from the EEC viewpoint—are expected to occur when they do. Admitting the relatively small and selective Greek steel industry into the European Coal and Steel Community poses no great difficulties to the present nine member states. But Brussels negotiators will take care that any concessions they make to help Greek steelmakers adjust to their new regime set no precedent for the much larger Spanish steel industry, if and when Spain comes knocking on the EEC door. Therefore, with an eye on other possible entrants, EEC officials are saying that they will not give Greece anything more than the "usual transition period." At this stage that period is as yet undefined.

Greece does not compete with the EEC on the full range of steel products. It does make a lot of reinforcing bars, a product particularly in glut in the EEC at the moment. But much of this is used outside Europe, in the Middle East construction industry in which the Greeks have a special corner.

In addition the balance of steel trade is very much in the EEC's favour. Trends are not easy to establish given the very wide depression in EEC steel over the past couple of years. But while EEC steel exports to Greece declined from 490,000 tonnes in 1974 to 415,000 tonnes of crude steel in 1975, Greek exports to the Community fell calamitously over the same period from 34,200 tonnes to 2,600 tonnes. The reason is that the trough of the recession was deeper in the EEC than Greece, and in fact Greek exports to the Community last year, though not yet tallied, are expected to show a marked rise.

The trade imbalance is bound to increase when the very high protective tariffs on Greek steel start coming off. The average EEC external tariff on steel is 5.7 per cent., while the average Greek tariff is 12.9 per cent., rising to over 25 per cent. on some products and bolstered by certain non-tariff barriers. Dismantling this tariff wall is likely to be a painful process for the Greeks.

Scrap is another problem. Both the EEC and Greece have a scrap shortage, but they use different remedies. The EEC has a system of scrap export quotas while the Greeks impose a tax instead. Brussels officials feel it should not be too hard to enlarge the scrap quotas to take in Greece.

The EEC regime the Greek steel industry is being asked to accept is not static. Foremost among plans to change it are the proposals recently put forward by the EEC industry commissioner, Viscount Etienne Davignon. If they come to fruition, they will include minimum prices on reinforcing bars and import licensing from next month. But these are designed as short-term action to improve market conditions, and may well be lifted by the time Greece actually joins the EEC. Nor are Viscount Davignon's longer term intentions to restructure the shape of European steel—principally by putting certain constraints on new investment in capacity—likely to bear too heavily on Greece. Greek production last year amounted to 1m. tonnes, and with two new electric furnaces due to come on stream this year, is expected to rise to 1.8m. tonnes this year. But this is small beer compared with overall EEC production, which was 134m. tonnes last year.

The special competition rules—Article 65 regarding price agreements and Article 66 governing mergers—that regulate European steel will not figure in Greece's EEC negotiations. Only once Greece is in the Community, say Brussels officials, will Greece's conformity with the rules be a matter for close examination.

David Buchan

Shipowners have their worries

ARTICLE 84 of the Treaty of Rome specifically excluded shipping and aviation from the common policy structure of the Community. Today, 20 years later, the EEC may need to take measures to protect its shipping industry and consider a common shipping policy.

While they consider that both politically and economically there is sound logic behind Greece's bid to enter the EEC, Greek shipowners do not wish to operate inside structures increasingly subject to national and international regulations and which could smother their initiative.

They believe that the price of Greece's entry depends on a number of key questions concerning the unrestricted movement of seamen, cargo rights, wage and social policies and company registration inside the EEC. If there are going to be regulations, they would like to have a hand in formulating them. They point out that shipping provides direct or indirect employment to more Greeks than any other single industry, including tourism, and is the nation's top foreign exchange earner (it topped $913m. in 1976). It is also the principal commercial capital asset and should therefore not be sacrificed or shackled in Greece's bid to become the tenth member of the EEC.

One of the main problems which Greek shipowners have to face is that of their crews. Their fleet of 4,800 ships requires an estimated 183,000 seamen to operate them and there is a shortage of skilled and semi-skilled seamen. Institutional restrictions do not allow Greek seamen to work on ships of other nationalities and at present there are about 140,000 Greek seamen to man the Greek-owned fleet. The gap is being filled with foreign seamen.

Greek shipowners feel that the crew problem will become more acute if the principle of unrestricted movement of labour inside the EEC is accepted as applicable to seamen. Wages of Greek seamen are below those of many EEC countries and there would obviously be a drain of labour, the extent of which is difficult to forecast.

The experience of other member countries is not particularly relevant in this respect since Greece has been a net exporter of industrial manpower to Western Europe for the past 20 years or so and at the same time it has had to provide crews for its fast growing merchant fleet.

The cost of running the ships will be raised if the Treaty of Rome principle that workers of each member state must eventually earn the same money and receive the same social security benefits is also applied to shipping.

Another major issue concerns the UNCTAD (United Nations Conference on Trade and Development) code, which for the time being is restricted to conference lines (lines which run regular services) but is likely to be extended to tramp shipping (free-lancing from port to port) at the insistence of the Third World countries. This would be a blow to all maritime nations which thrive on transporting cargoes from the Third World, such as Norway, Greece, Britain and more recently Hong Kong. A further threat is the increasing presence of the Soviet merchant fleet which is slashing freight rates on trade between countries which do not have their own fleet or do not have enough ships.

Protect

All this may force the EEC to take measures to protect its shipping interests. With a sea trade representing about 37 per cent. of world trade, the merchant fleet of the Nine combined represents 22 per cent. of world tonnage. About 90 per cent. of all EEC trade is seaborne. The Greek-owned merchant fleet totalling over 50m. gross tons represents some 15 per cent. of world tonnage and will form some 40 per cent. of the EEC total once Greece joins the Community. The Greeks are, therefore, anxious to obtain equal rights among all Common Market members to transport cargoes to and from the EEC, irrespective of individual flags, rather than cargoes being allocated on the basis of individual nations' overall share of trade.

At present the EEC does not have a comprehensive shipping policy. But Greek shipowners are anxious about the future: they fear, for example, that an EEC policy could push them to bring more of their ships under the Greek flag. But this may create problems for them from their financiers who often insist that ships fly the flags of countries such as Liberia or Panama.

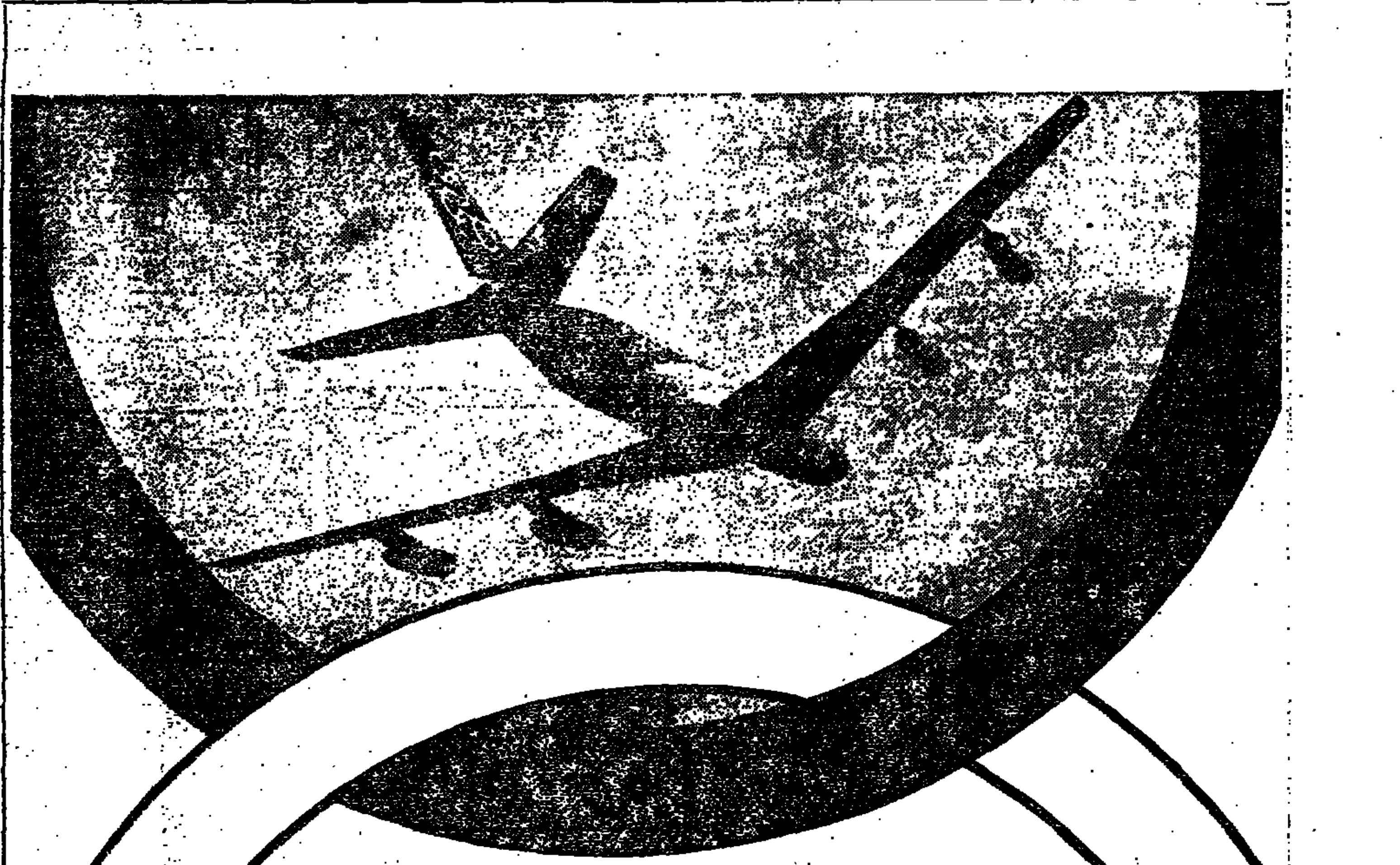
The argument is that these countries have a record of not interfering in maritime affairs and are highly unlikely to impose taxation or a law on crew composition which could affect costs. The availability of funds could therefore be restricted. Another consideration is that by entering the EEC there is no guarantee that a Common Market policy applying a uniform taxation scheme will not be introduced, which would be different from that in force in Greece. The present scheme in Greece is based on the age and gross tonnage of ships and is considered to be relatively lenient.

There is also concern that the EEC may apply a shipbuilding policy. European shipbuilders are expensive when compared with Japanese yards. The Greeks, who are keen to obtain their ships as cheap as possible and have a wide choice of builder, do not view with enthusiasm the possibility of being restricted to buying European. Greek shipyards, which can build ships of up to 40,000 tons, have the advantage of cheaper labour but this is largely offset by the lower production capacity of Greek workers and the fact that many raw materials for the ships have to be imported.

The Greek Government appears to lack a satisfactory shipping policy. The policy of loans with Government guarantees, adopted by the military junta, has been abandoned by the present administration which instead grants a subsidy that is insufficient to bring the interest rate of the shipowner down to to-day's market rate.

Another question is whether shipping companies registered in one EEC member state can operate in that of another member state, registering themselves under the jurisdiction and flag of that other state. Such a development would undoubtedly speed up the process of equalising the wages of Greek seamen with those of seamen in other EEC member states. On the other hand, it might encourage Greek owners to take advantage of the incentives offered by EEC governments towards financing new building contracts.

Evelyn Vera Diack



Markets weaken in the absence of fresh support

Gilts up to £1⅝ lower—Share index down 6.9 at 405.6

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar. 14	Mar. 24	Mar. 25	Apr. 5
Mar. 28	Apr. 6	Apr. 7	Apr. 20
Apr. 12	Apr. 21	Apr. 22	May 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Small selling and the absence of fresh support led to a further downturn in stock markets yesterday at the start of the second leg of the Account which ends on Thursday. Potential buyers were put off following week-end Press comment on the problems facing the Government on its Budget proposal for increasing the petrol tax and on the difficulties looming for a Phase Three wages deal. Leading equities were opened lower and eased progressively throughout the day although the bulk of the selling was completed in the early trade.

Offerings in British Funds were also relatively small but falls soon ran to a full point in an unwilling market. Subsequently losses were extended to 1⅞ and left the Government Securities index, at 69.86, down 0.69 for a two-day loss of 1.10 from last Thursday's 4-year high. The selling was a continuation of last Friday's profit-taking and further marking down on diminished hopes for another early fall in interest rates, and the market was in no mood to take account of the March reserves figures which were in line with general expectations.

Down 4.6 at 10 a.m., the FT Industrial Ordinary share index closed at the day's lowest of 405.6 for a loss of 6.9. Falls in the index constituents generally ranged to 6 and occasionally more but Glaxo was a late weak feature on disappointment with the interim statement and ended 18 down at 465p. The FT-Actuaries share indices illustrated the widespread nature of yesterday's setback, all the sub-sector indices except two showing losses; the 672 All-share index shed 1.4 per cent. more to 170.91 as compared with the 1977 peak of 181.09 recorded on March 17.

Bid and merger situations were relatively active and provided the odd firm feature, as did company trading statements and week-end Press recommended shares. Gallenkamp, a thin market, stood out with a jump of 40 to 305p on hopes of developments following the bid approach, while Herbert Morris gained 9 to 259p which is 14 above Hawker Siddeley's cash offer of 245p per share. Falls in FT-quoted equities were in a majority, of nearly 3-to-1, for the third successive trading day and official markings were, at 6,943, little changed from the week-ago 6,658.

Gilts react sharply

The sabre-rattling by left-wing unionists over the next stage of the Government's pay policy aroused inflationary fears and the market in British Funds, which was already poised for a technical reaction, reacted accordingly. A reversal of recent circumstances saw stock difficult to place in the absence of buyers and although minor rallies were attempted, they soon faded and left high-coupon longs down as much as 1⅝; the shorts were rarely more than ¼ lower with the exception of the low-coupon, Treasury 3 per cent., 1979, which fell ⅜ to 91⅜. Announcement of the March Wholesale Prices indices only helped to increase the pace of the decline and the market was thus in no mood to accept the latest U.K. official reserves which, as anticipated, were sharply better last month. The downturn continued in the after-hours' trading where the recently-issued £15-paid stock, Exchequer 12¼ per cent., 1992, was being quoted at £16¼, down 1¼. Corporations followed the main funds with losses to a point; the £10-paid GLC 13½ per cent., 1984, stock gave up ¾ at £14¼.

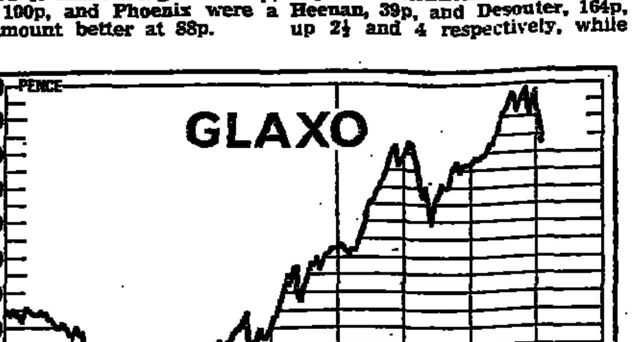
Although business was rather light, the firm undertone in the investment currency market persisted and, following a demand which arose in the late trade for investment in U.S. securities, the premium rose a point to 117½ per cent. Yesterday's SE conversion factor was 0.6976 (0.6992).

Still reflecting some concern about the substantial claims that may arise from the recent air disaster in Tenerife, Insurances remained dull. Ahead of their respective preliminary announcements to-morrow, Guardian Royal Exchange lost 7 to 186p and Phoenix shed 6 to 206p. Eagle Star and Royals were both 6 lower at 112p and 304p respectively, while General Accident shed 5 to 172p and Commercial Union shaded 3 to 112p. Matthews Wrightson were friendless among Brokers, closing 14 lower at 226p, while Sedgwick Forbes declined 8 to 274p. Pearl lost 6 to 193p in Life issues but Hambro Life, with preliminary results due to-day, gained 5 to 213p.

The big four Banks gave ground with Barclays closing 5 off at 255p, after 254p, and Lloyds 4 easier at 205p. Ahead of to-day's results, Bank of Scotland relinquished 7 to 248p. Discounts came on offer with Union 10 lower at 345p and Gillett Bros. 7 down at 175p.

A slightly easier trend in Breweries was reflected in falls of 2 which occurred in Bass, 107p, Guinness, 137p, and Scottish and Newcastle, 51½p. Wolverhampton and Dudley hardened to 157p bid in response to Press comment before reacting to close unaltered on balance at 153p. Distillers eased 1½ to 128½p.

Buildings drifted gently lower in thin trading on lack of support with sentiment not helped by a broker's gloomy forecast on the industry's immediate future. AP Cement shed 7 to 173p and RMC eased 2 to 82p; the latter's results are due to-morrow. Barratt Developments, 87p, Brown and Jackson, 33p, Richard Costain, 166p, Leonard Fairclough, 196p, and William Leech, 64p, all recorded losses of 4, while Marchwiel lost 3 to 158p as did Tilbury Contracting, to 233p. Timber shares, on the other hand, resisted the trend. International edged forward to finish 4 higher at 98p, after 100p, and Phoenix were a like amount better at 88p.



ICI were quietly dull at 349p, down 4, while Fisons cheapened 5 to 335p.

Comment on the strong profits recovery helped bring about a rise of 3 to 37p, after 38p, in Scottish TV.

Buyers were absent in Stores and the leaders drifted gently lower. Gussies A shed 6 to 215p and Marks and Spencer, 110p, UDS, 68p, and British Home, 179p, all closed 2 down. Elsewhere, Grattan Warehouses eased the turn to 98p in front of to-day's results and the first-half profits setback prompted a similar decline in Peters to 27p. Allied Retailers gave up 4 to 103p and Lincroft Kilgour receded 2 to 43p; William Reed has taken a 20.87 per cent. stake in the latter.

Scattered selling and lack of support made for dullness in Electricals. Leaders to give ground included Thorn "A," 6 lower at 258p and GEC, 4 cheaper at 170p. Elsewhere, Ever Ready cheapened 4 to 143p and H. Wigfall a similar amount to 120p. G. H. Scholes gave up 7 to 220p in a restricted market. Against the trend, Fidelity, 63p, and Pye Holdings, 72p, both firmed a shade following favourable Press comment.

Another drab day for the Engineering leaders saw Tubes at 384p, record its second consecutive day's fall of 8, while Hawker ended 6 down at 508p. Ahead of to-morrow's results, GKN gave up 5 to 327p. John Brown lost 4 to 151p and Vickers 3 to 171p. On the other hand, Herbert Morris touched 260p and ended up at 259p, as compared with the counter-offer of 245p cash from Hawker-Siddeley on hopes that the company may still extract a better offer, either from original bidders Babcock and Wilcox or a third-party. Rotork added 8 to 112p on consideration of the results and Henry Sykes firmed 3 to 56p following the record profits. Press comment drew buyers' attention to Redman Heenan, 39p, and Desoutter, 164p, up 2½ and 4 respectively, while improvements of a penny were recorded in Francis Industries, 42p, and Serck, 89½p, for a similar reason. Porter Chadburn were firm at 80p, up 5, while speculative interest was again in evidence for Tecalemit which eased to close a shade off on balance at 91p, after 88p. APV receded 5 to 360p as did Staveley Industries, to 193p. C. and W. Walker closed 4 lower at 142p. Dealings in TCK, 25p, were suspended at the company's request pending the outcome of discussions currently taking place on the re-capitalisation of the group's press manufacturing subsidiary Keay Turner.

Foods gave ground, but selling was usually small. Tate and Lyle reacted 8 to 254p and British Sugar 10 to 415p. Associated Dairies lost 4 to 260p, while similar falls were marked against J. Bibby, 118p, and Bejam, 100p. Occasional selling left Geo. Bassett 7 down at 83p. FMC lost 5 to 98p following the company's further rejection of the offer from Thomas Borthwick. Pork Farms dipped 7 to 187p. In contrast, Highgate and Job found support at 66p, up 4. Among Supermarkets, Wm. Morrison lost 5 to 130p in front of to-day's results. F. J. Wallis held at 66p following the company's rejection of the bid from International Stores.

A. Gallenkamp jump

Already 5 easier in front of the interim results, Glaxo ran back further on the disappointing first-half profits performance to close 18 down on the day at 465p. Other Miscellaneous Industrial leaders drifted lower on lack of support. Rank Organisation lost 8 to 178p, while Bowater, 190, Metal Box, 280p, Reed International, 213p, and Trafalgar House, 118p, were all around 5 lower. Up 75 last week before last Friday's announcement of the bid approach, A. Gallenkamp raced away again yesterday and closed 40 up at 305p on a Press suggestion that the bid terms could be in the region of around 400p cash. Boosey and Hawkes rose 10 to 98p on the good results, while satisfactory trading news prompted gains of 2 and 3 respectively in Cape Industries, 112p, and H. Brammer, 80p. Restmor hardened 5 to 85p following Press comment and AAH improved 3 to 158p for a similar reason. Avon Rubber were wanted at 129p, up 5, and Hanimex hardened 4 to 86p. Denbyware, however, lost 9 to 83p reflecting the current Boardroom dispute, while profit-taking after the week-end bid denial brought about a fall of 5 to 118p in Hunting Associated. Camrex cheapened to 61p on the results, while Marshall's Universal eased 5 to 165p in front of to-day's results. Portals, 178p, and ICL, 186p, both declined 8 and Robert McBride were 7 easier at 304p. Coral Leisure shed 4 to 140p as did Wedgwood to 179p.

Motors and Distributors failed to escape the generally dull and quiet conditions. British Leyland, 20p, and Rolls-Royce, 64½p, both closed around 2 lower, while Dunlop eased a similar amount to 95p and Lucas gave up 6 to 239p. The increased dividend and profits failed to help York Trailer, 2 cheaper at 31p, but Charles Hurst responded to the results with a rise of 2 to 55p, while favourable Press comment prompted a gain of 3½ to 52½p in Dorada.

Among Newspapers, Associated came on offer at 154p, down 9. News International eased 3 to 162p ahead of to-morrow's results, but East Midland Allied Press were a firm feature following Press mention and moved up 6 to 40p. Elsewhere, Jefferson Smurfit met profit-taking after the results, reacting 10 to 148p, but Watmoughs encountered a little buying interest at 50p, up 2.

Properties dull

Bereft of any incentive for a further immediate decline in interest rates, the Property sector again encountered profit-taking. Although usually light, it found buyers unresponsive and so brought losses extending to 4 in Land Securities, at 167p, and in Great Portland, at 216p. Similar falls were sustained by Bernard Sunley, 150p, and Haslemere Estates, 180p, while MEPC gave up 3 at 82p. Town and City remained slightly cheaper at 8p after news of the Australian disposals, worth some £11.3m. Reduced profits took 2 off Clarke Nickolls and Coombs, at 31p, and despite favourable newspaper comment Peachey eased the turn to 31p. Berkeley Hambro, 83p, and Stock Conversion, 185p, both lost 3, but McInerney moved against the trend with a rise of 2 to 22p.

The effects of a small U.S. demand late on Friday evening established British Petroleum at a slightly higher opening level of 794p, but local support was not sufficient to sustain it and the price subsequently drifted easier to close a net 2 off at 788p. Conditions in Shell, 4 cheaper at 478p, were similar, but overseas and investment currency influences helped to raise Royal Dutch ¾ to £45⅞, a fresh peak for the year. Speculative interest late in the day pushed Tricentrol up 4 to 128p, and Oil Exploration gained 3 to 101p awaiting to-day's preliminary results. Siebens (U.K.) responded to news of the North Sea deal with Marathon and closed 3 higher at 98p, while Premier regained a small early loss to finish unaltered at 10½p following the latest statement regarding drilling in the Southern Italy gas field. Press comment caused Century Oils to harden a penny to 55p, but domestic market advices prompted a fall of 6 to 87p in Woodside-Burmah.

Gill and Duffus gave up 5 to 191p in Overseas Traders along with Booker McConnell, 4 cheaper at 151p. Among smaller-priced issues, United City Merchants lost 2 to 34p.

Trusts eased in line with the general trend and falls of around 4 were recorded in Alliance, 178p, Edinburgh Investment, 177p, and River and Mercantile, 136p. Rothschild were noteworthy for a reaction of 9 to 249p. Capital issues to give ground included Dualvest, 142p, and Triplevest, 109p, both 4 cheaper. Among Financials, R. P. Martin shed 2 to a new low for the year of 53p. S. Pearson gave up 5 to 130p and Dalgety were lowered 3 to 234p.

Ocean Transport and Trading moved up to 159p in response to the better-than-expected results before reacting to close only a penny dearer on balance at 157p. Other small improvements in the Shipping sector included P and O, 2 dearer at 136p, and British and Commonwealth, a similar amount higher at 258p.

Caird Dundee, a good market of late on the bid approach, reacted 7 to 35p. Other Textiles passed a rather drab and uninteresting day. Allied, 1 cheaper at 107p, failed to respond to the chairman's encouraging statement, but Charles Early hardened a penny on the second-half recovery, while British Mohair closed similarly better at 35p, after 36p, following Press mention.

Rubbers were rarely altered, but Teas were inclined harder. Moran firmed 2 to 237p on the increased interim dividend and forecasts of considerably higher profits for the full year. Assam Frontier gained a similar amount to 174p and Williamson were slightly dearer at 151p.

Mines subdued

Interest in mines remained at a low ebb with sentiment being adversely affected by the continuing weakness of the U.K. Industrial market. South African Golds failed to hold the initial gains which followed the improvement in the bullion price, which was finally $1.25 firmer at $150.375 per ounce in front of to-morrow's International Monetary Fund auction.

Golds opened on a steady note reflecting the strength of the metal price in transatlantic markets on Friday evening, but lack of interest caused jobbers to mark down prices in afternoon trading with the result that the Gold Mines index showed a modest gain of 0.5 at 122.6.

Among the heavyweights, rises of ¼ were common to West Driefontein and Free State Geduld at £16¾ and £10½ respectively, but Randfontein, £22¼ and Western Holdings, £13½, relinquished earlier gains of around ¼ to close unchanged on balance. Rises in the lower-priced stocks rarely exceeded 5 or 10.

Business in Financials was minimal and prices generally eased where changed. "Amgold" hardened ¼ to £15 but Gold Fields of South Africa declined the same amount to 950p. Rand Selection gave up 10 to 430p "ex rights"; no quotation was being made for the new shares.

London registered issues were barely changed with Charter and Rio Tinto-Zinc both a penny off at 126p and 212p respectively. Gold Fields, however, were 2 firmer at 170p: the half-year results are due to-morrow.

In an otherwise dull Copper section, Messina were 3 better at 178p owing to Cape interest. Tins reacted to the fall in the metal price but losses were restricted to around 2 as in Malayan Tin 233p and Tanjong, 50p.

Australians were dull with the exception of Utah Mining Australia which advanced 30 to 410p following news of the proposed one-for-20 rights issue at $A3. Pancontinental, however, lost ¼ to £10: in the half-year to December the company recorded a loss of $A1.3m.

Elsewhere, Tanganyika Concessions fell 2 more to a 1977 low of 142p following the reduced dividend announced by Union Miniere in which "Tanks" has a 17.6 per cent. stake.

FINANCIAL TIMES STOCK INDICES

	Apr. 4	Apr. 1	Mar. 31	Mar. 30	Mar. 29	Mar. 28	A year ago
Government Secs	69.86	70.55	70.96	70.79	69.13	69.07	61.90
Fixed Interest	70.37	70.76	70.67	70.31	68.65	68.45	61.71
Industrial Ordinary	405.6	412.5	419.4	427.2	420.4	411.6	404.7
Gold Mines	122.6	122.1	123.0	123.4	120.5	123.2	140.1
Ord. Div. Yield	5.60	5.51	5.38	5.27	5.36	5.45	5.13
Earnings Y'ld% (full)(*)	17.76	17.47	16.94	16.47	16.73	17.02	15.30
P/E Ratio (net) (*)	8.26	8.39	8.65	8.89	8.75	8.61	9.58
Dealings marked	6,943	6,542	6,444	6,659	6,215	6,658	6,267
Equity turnover £m.	—	69.45	68.99	111.65	53.44	59.83	57.24
Equity bargains total	—	17,076	19,984	19,797	15,880	17,730	18,326

10 a.m. 407.9. 11 a.m. 406.7. Noon 406.7. 1 p.m. 406.6. 2 p.m. 406.4. 3 p.m. 406.2.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.20.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	70.96 (31/3)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.75 (1/4)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	433.8 (17/3)	357.6 (12/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	137.4 (7/3)	95.1 (1/2)	442.3 (22/5/75)	42.5 (26/10/71)

S.E. ACTIVITY

	Apr. 4	Apr. 1
Daily—		
Gilt-Edged	231.9	172.5
Industrials	237.2	231.8
Speculative	48.1	38.3
Totals	158.0	148.9
5-day Av'rge—		
Gilt-Edged	179.4	172.8
Industrials	253.6	253.6
Speculative	43.3	43.2
Totals	149.2	147.9

Severn Bridge lorry ban

BY IAN HARGREAVES

DISRUPTION TO freight routes to South Wales, costing haulage operators an extra £250,000, will be caused by the decision to close the Severn Bridge to heavy lorries over Easter, the Freight Transport Association said yesterday.

The ban on vehicles weighing more than 30 cwt unladen, announced by the Department of Transport last week, stems from fears that the bridge, which has been undergoing emergency repairs for some weeks, would not be able to stand the strain of heavy holiday traffic.

Between April 7 and April 12 all four lanes will be open at peak traffic periods, but, to avoid overloading the bridge, the Department has banned heavy lorries for part of that period. Coaches will not be affected.

Less restrictive alternatives had not been properly examined, the association claimed.

Banned lorries would have to make a 162-mile diversion, the association claimed.

STOCK EXCHANGE BUSINESS IN MARCH

Equity turnover at highest level since April 1975

BY GEOFFREY FOSTER

STOCK Exchange trading rose in all sectors last month despite the political uncertainties. Business in equities increased £400m., or 24 per cent., to £1.9bn., the highest since the April, 1975, figure of £2bn.

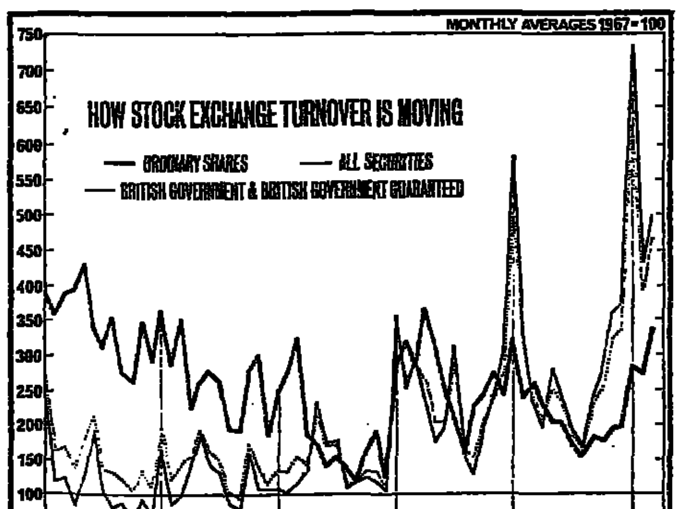
There were three more trading days in March than in February, which helped towards the rise.

The Financial Times Turnover Index for Ordinary Shares jumped in March to 339.1, compared with 272.7 in February and last year's monthly average of only 210.6. The number of bargains increased 98.831 to 459.318, but the average value a bargain was slightly lower at £4,137.

Business in gilt-edged improved £1.7bn. to £11.8bn., compared with January's record £17.3bn. The improvement included a £400m. increase in short-dated issues. Activity in medium- and longer-term issues rose £1.7bn. to £11.8bn. The number of gilt-edged bargains increased 5,560 to 90,828.

The FT Government Securities Turnover index improved to 498.6 last month from February's 428.2 and compares with January's peak of 733.8 and the 1976 monthly average of 288.9.

The overall result was that turnover in all securities rose £2.5bn. to £15.2bn. The Financial Times Turnover index for all securities was 466.7 in March, compared with 391.0 in February and the January record of 625.4. Last year's average was 271.8.



Sentiment in leading equities was dominated by the trend in gilt-edged which was, in turn, influenced chiefly by the outlook for a continuing decline in interest rates. Over the month, Minimum Lending Rate was reduced from 12 per cent. to 9½ per cent.

Prices of British Funds rose strongly to end the month with the Government Securities index 5.26 points up at 70.96, its highest for four years.

The equity leaders tended to lag slightly on the more obscure outlook for the economy as a whole and on the uncertainties generated by the toolmakers' strike at British Leyland. The FT 30-share peak in the month was recorded on March 17 at 433.8, its highest since October, 1973. It fell to 414.4 before closing the month with a net rise of 8.7 at 419.4.

Most of the business in equities was centred on the numerous situation stocks with the neutral Budget having hardly any effect on markets.

The FT Gold Mines index touched 137.4, its 1977 high, then gave way to end the month a net 10.4 down at 123.0. Shares traded quietly for most of the time ahead of the March 30 South African Budget.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed Short Dated (having five years or less to run)	6,722.8	44.1	36,487	5.8	292.3	184,253	1,586
Others	5,056.5	33.2	54,341	8.7	219.9	93,052	2,363
Irish Govt. Short Dated (having five years or less to run)	419.2	2.8	1,947	0.3	18.2	215,308	85
Others	303.1	2.0	3,042	0.5	13.2	99,630	132
U.K. Local Authority	474.4	3.1	11,848	1.9	20.6	40,039	515
Overseas Govt. Provincial and Municipal	31.2	0.2	2,009	0.3	1.3	15,514	87
Fixed Interest Stock Pref. and Profd. Ordinary Shares	324.2	2.1	56,830	9.1	14.1	5,704	2,471
Ordinary Shares	1,900.4	12.5	459,318	73.4	82.6	4,137	19,970
TOTAL	15,231.8	100.0	625,822	100.0	*662.2	*24,339	*27,209

* Average of all securities

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
ICI	£1	13	349	−4	388	325
BATs Defd.	25p	13	228	−3	245	204
BP	£1	13	788	−2	836	720
Shell Transport	25p	13	478	−4	524	454
NatWest	£1	9	233	−1	243	205
Pye Holdings	25p	9	72	+2	72	53
Unigate	25p	9	85	−3	96	65
Beecham	25p	8	426	−2	432	373
EMI	50p	8	234	—	250	200
GEC	25p	8	170	−4	180	156
Hawker Siddeley	£1	8	508	−6	538	432
Marks & Spencer	25p	8	110	−2	118	96
Reed Intl.	£1	8	213	−5	235	185
Tate & Lyle	£1	8	254	−8	279	235
Barclays Bank	£1	8	255	−5	278	233

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e).

OPTIONS TRADED

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 22	Apr. 4	Jun. 23	July 5
Apr. 5	Apr. 19	July 7	July 21
Apr. 20	May 2	July 21	Aug. 4

For rate indications, see end of Share Information Service.

Calls were arranged in ICI, Burmah Oil, Geo. Wimpey, LOFS, Redman Heenan, Kwik Save, Ladbroke Warrants, Atlantic Assets, Swan Hunter, Peachey Property, Scottish Metropolitan Property, P. and O. and Tecalemit. Courtaulds and ICI were dealt in for the put, while a double option was arranged in Capital and Counties Property.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. April 4, 1977 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net)	Fri. April 1 Index No.	Thurs. March 31 Index No.	Wed. March 30 Index No.	Tues. March 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (177)	160.75	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (28)	135.77	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (26)	227.22	−1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	313.18	−2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering (Heavy) (11)	211.11	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Engineering (General) (67)	145.40	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Machine and Other Tools (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Miscellaneous (21)	137.52	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (53)	143.11	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio TV (15)	161.94	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	146.72	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	92.81	−1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (171)	154.48	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	167.23	−1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	167.59	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (15)	187.93	−1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	165.85	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (17)	161.42	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (16)	242.03	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (14)	144.28	−1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (35)	132.40	−1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (24)	149.27	−1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	205.47	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	95.43	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (96)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (20)	220.98	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Office Equipment (7)	95.12	−1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Shipping (10)	457.80	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Miscellaneous (55)	163.21	−2.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (496)	162.55	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (4)	434.99	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	119.79	−2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	151.36	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	216.64	−2.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	171.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	133.22	−3.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	100.78	−2.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	274.71	−2.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (15)	65.28	−2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	172.25	−2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	84.72	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	164.73	−2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	96.26	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	258.16	−1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (672)	170.91	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	FIXED INTEREST	Monday April 4 Index No.	Yield %	Friday April 1	Thurs. March 31	Wed. March 30	Tues. March 29	Monday March 28	Friday March 25	Thurs. March 24	Year ago (approx.)
1	Consols 2½% yield	—	12.34	12.13	12.10	12.17	12.56	12.54	12.54	12.53	14.09
2	20-yr. Govt. Stocks (6)	55.49	†11.77	56.30	56.51	56.31	54.61	54.63	54.89	55.22	[illegible]
3	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	49.98	14.02	49.30	49.30	49.30	49.30	49.30	49.30	48.96	47.35
5	Coml. and Indl. Prefs. (20)	69.68	13.50	69.92	69.92	69.17	68.84	68.87	68.67	69.00	65.31

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 22p.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (41)

CORPORATION LOANS (2)
LOANS (MISCEL.) (3)
CANADIANS (2)
BUILDINGS (3)
CHEMICALS (1)
CINEMAS (1)
ELECTRICALS (2)
ENGINEERING (1)
FOODS (1)
INDUSTRIALS (11)
INSURANCE (1)
NEWSPAPERS (2)
TEXTILES (2)
TRUSTS (8)
RUBBERS (1)
MINES (1)

NEW LOWS (25)

CANADIANS (1)
BUILDINGS (1)
ELECTRICALS (2)
ENGINEERING (4)
FOODS (1)
HOTELS (1)
INDUSTRIALS (5)
INSURANCE (1)
MOTORS (2)
PROPERTY (2)
TEXTILES (1)
TRUSTS (3)
OILS (1)
MINES (1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	6	11	43
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	352	1,039	1,216

AUTHORISED UNIT TRUSTS

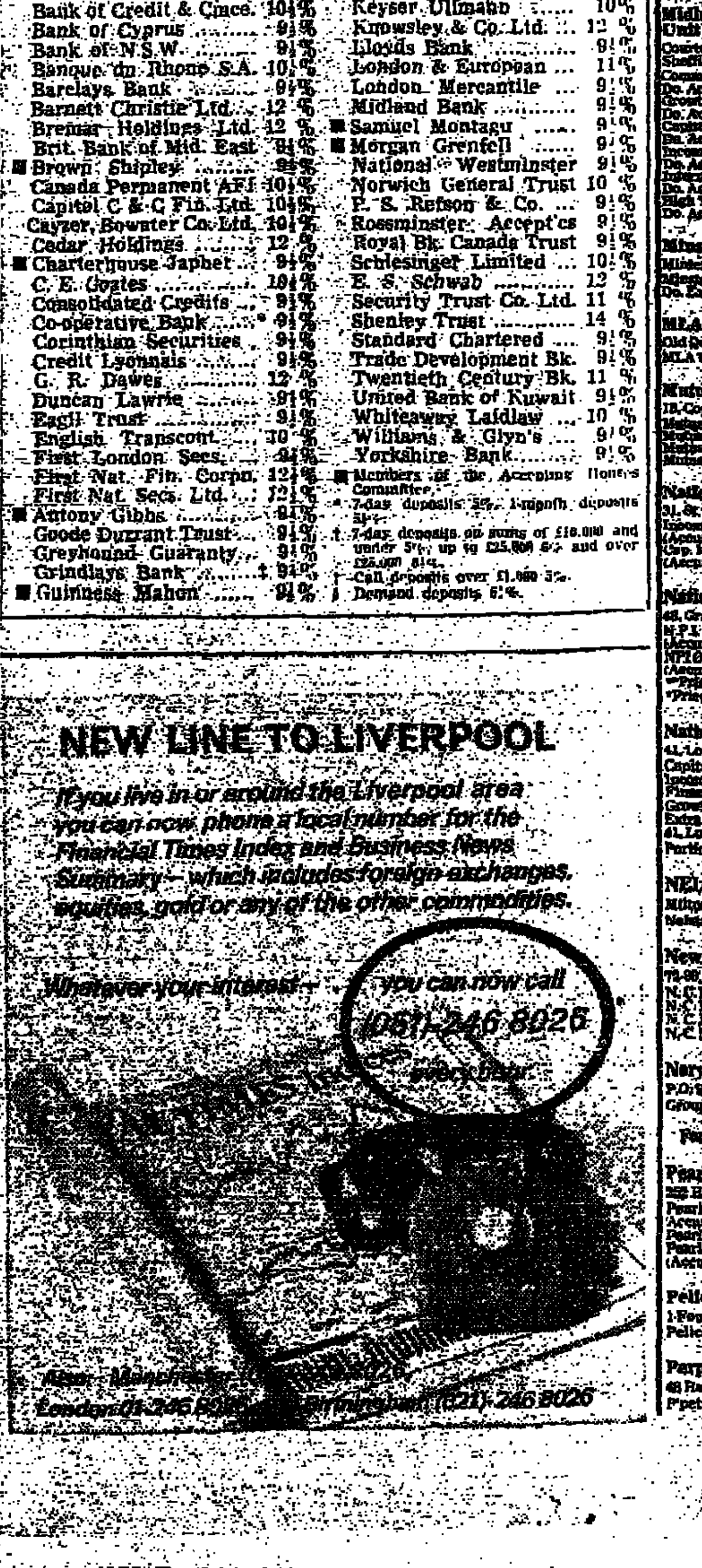
OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Allied Irish Banks Ltd.	9½%	■ Hill Samuel	§9½%
American Express Bk.	10%	C. Hoare & Co.	†9½%
A P Bank Ltd.	10½%	Julian S. Hodge	10½%
Henry Ansbacher	10%	Hongkong & Shanghai	9½%
Banco de Bilbao	9½%	Industrial Bk. of Scot.	9½%
Bank of Credit & Cmce.	10½%	Keyser Ullmann	10%
Bank of Cyprus	9½%	Knowsley & Co. Ltd.	12 %
Bank of N.S.W.	9½%	Lloyds Bank	9½%
Banque du Rhone S.A.	10½%	London & European	11%
Barclays Bank	9½%	London Mercantile	9½%
Barnett Christie Ltd.	12 %	Midland Bank	9½%
Bremar Holdings Ltd.	12 %	■ Samuel Montagu	9½%
Brit. Bank of Mid. East	9½%	■ Morgan Grenfell	9½%
■ Brown Shipley	9½%	National Westminster	9½%
Canada Permanent AFI	10½%	Norwich General Trust	10 %
Capitol C & C Fin. Ltd.	10½%	P. S. Refson & Co.	9½%
Cayzer, Bowater Co. Ltd.	10½%	Rossminster Accept'cs	9½%
Cedar Holdings	12 %	Royal Bk. Canada Trust	9½%
■ Charterhouse Japhet	9½%	Schlesinger Limited	10½%
C. E. Coates	10½%	E. S. Schwab	12 %
Consolidated Credits	9½%	Security Trust Co. Ltd.	11 %
Co-operative Bank	*9½%	Shenley Trust	14 %
Corinthian Securities	9½%	Standard Chartered	9½%
Credit Lyonnais	9½%	Trade Development Bk.	9½%
G. R. Dawes	12 %	Twentieth Century Bk.	11 %
Duncan Lawrie	9½%	United Bank of Kuwait	9½%
Eagil Trust	9½%	Whiteaway Laidlaw	10 %
English Transcont.	10 %	Williams & Glyn's	9½%
First London Secs.	9½%	Yorkshire Bank	9½%
First Nat. Fin. Corpn.	12½%		
First Nat. Secs. Ltd.	12½%		
■ Antony Gibbs	9½%		
Goode Durrant Trust	9½%		
Greyhound Guaranty	9½%		
Grindlays Bank	‡9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5%, 1-month deposits 5½%.
† 7-day deposits on sums of £10,000 and under 5%, up to £25,000 6% and over £25,000 6½%.
‡ Call deposits over £1,000 5%.
§ Demand deposits 6½%.



INSURANCE BASE RATES

† Property Growth 10½%
Cannon Assurance .... 9 %
† Address shown under Insurance and Property Bond table.

CORAL INDEX Close 402-407

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101½	98⅞	Treasury 11½pc '77‡	101⅛ xd	.....	11.35	8.51
95½	93⅝	Treasury 3pc '77‡	96⅜	.....	3.11	9.17
96¼	95⅛	Transport 4pc '72-77	96½	−⅛	4.14	9.15
100½	95⅝	Treasury 9pc 1978‡	99¾	−⅛	9.02	9.25
102	97½	Treasury 10½pc '78‡	101⅝	−⅛	10.34	9.16
97¼	90⅞	Exch 5pc '76-78	96½	−¼	5.18	7.53
103⅞	95⅞	Treasury 11½pc '79‡	102⅝	−⅛	11.21	9.95
93½	84⅞	Treasury 3pc '79‡	91¾	−⅛	3.27	6.70

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

L. S. E. & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 43¼% (based on $US1.7200 per £)

Conversion factor 0.6976 (0.6992)

CANADIANS

S.E. List Premium 43¼% (based on $1.8180 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

INDUSTRIALS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
64	38	Coronation 25c	58	+2	Q5c	8.4	5.8
130	70	Falcon Rh.50c	115xd	......	†Q35c	1.7	29.8
14	9	Rhod'n Corp. 16½p	12½xd	......	0.56	4.3	6.9
165	140	Roan Cons. K4	150	......	—	—	—
164	142	Tanganyika 50p	142	−2	Q10.0	0.8	7.0
70	70	Do. Pref. 80p	70	......	Q9	10.2	10.3
35	27	Wankie Col. Rh.1	32	......	Q7½c	1.5	22.9
27½	16	Zam.Cpr.SBD0.24	20	+½	—	—	—

AUSTRALIAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
20	13	Acmex 25c	13	......	—	—	—
127	58	Bougainville 50 Toea	110	−1	Q10c	1.5	5.7
125	90	BH South 50c	115	......	—	—	—
300	119	Conzinc Riotinto 50c	290	......	Q9c	ϕ	1.9
50	18	G.M. Kalgoorlie $1	40	......	—	—	—
98	78	Hamptn Areas 5p	83	−3	1.3	5.0	2.4
35	22	Metals Ex. 50c	24	......	—	—	—
25	13	Metramar 20c	24	......	—	—	—
242	188	M.I.M. Hldgs. 50c	242	+2	†Q4½c	1.8	1.1
105	20	Mount Lyell 25c	40	......	—	—	—
2¾	2	Newmetal 10c	2½	......	—	—	—
115	86	North B. Hill50c	115	+1	†Q4½c	1.3	2.4
7½	4½	Nth. Kalgurli	6½	−½	—	—	—
102	87	Oakbridge $A1	102	......	†Q9c	1.5	5.6
50	20	Pacific Copper	36	......	—	—	—
£11	725	Pancont'l 25c	£10	−¼	—	—	—
11	8	Paringa M&Ex.5p	8	......	—	—	—
490	355	Peko-Wallsend 50c	470xd	−5	Q15c	2.7	2.0
—	—	Poseidon 20c	75ꞩ	......	—	—	—
9	7	Vultan Min. 50c	8	......	—	—	—
155	110	Westn. Mining 50c	154	−1	†Q5c	1.3	2.0
70	60	Whim Creek 20c	60	......	—	—	—

TINS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
39	23	Amal. Nigeria	24	−1	0.93	0.9	6.0
395	320	Ayer Hitam $M1	330	+2	†23.0	1.4	10.7
44	25	Beralt Tin	44	......	Z4.0	2.8	14.0
485	385	Berjuntai $M25	435	......	†Q1.5	ϕ	7.7
360	260	Geevor	300	......	‡17.97	—	9.2
13	8	Gold & Base 12½p	12	+1	—	—	—
255	225	Gopeng Cons.	230	......	15.0	1.9	8.7
77	75	Hongkong	75	......	—	—	—
67	61	Idris 10p	63	......	7.15	ϕ	17.5
10	7	Jantar 12½p	8	......	—	—	—
49	35	Kamunting 15p	38	−1	Z2.5	1.2	10.1
320	260	Killinghall	320	......	Q50.0	ϕ	15.6
255	227	Malay Dredging	253xd	−2	11.0	1.1	7.3
—	—	‡Pahang	27ꞩ	......	Q2.5	0.5	9.2
52	50	Pengkalen 10p	50	......	5.5	1.3	16.9
155	133	Petaling $M1	155	......	Q12½c	10.9	2.0
51	35	Saint Piran	45	−1	3.12	2.5	10.7
105	85	South Kinta 10p	90	......	7.5	0.8	12.8
205	165	Sthn. Malayan	165xd	......	11.8	1.1	11.0
62	57	Sungei Besi $M1	58	......	—	—	—
*37	19	Supreme Corp. $M1	33	......	ZQ10	—	7.5
55	42	Tanjong 15p	50	−2	4.64	b1.8	14.3
67	45	Tongkah Hrbr. $M1	65	......	QH92%	0.3	6.5
113	93	Tronoh $M1	110	......	†4.29	2.0	6.0

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	145	Messina R0.50	178	+3	Q45c	2.8	16.9

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p	9½	......	—	—	—
29	18	Charterhall 5p	26	−1	—	—	—
96	58	Colby Mines $C1	96	+9½	—	—	—
600	425	Cons. Murch. 10c	510	−10	Q140c	1.4	18.4
440	355	Northgate C$1	410	+5	—	—	—
227	173	R.T.Z.	212	−1	g5.96	2.1	4.3
70	46	Sabina Inds. C$1	46	−4	—	—	—
£14⅛	£11⅛	Tara Exptn. $1	£13½	+⅛	—	—	—
53	39	Tehidy Minerals 10p	50	......	t1.19	2.2	3.7
156	123	Yukon Cons. C$1	156	+6	Q6½c	ϕ	1.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents
- ϕ Figures or report awaited.
- †† Unlisted security.
- ꞩ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♮ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	20	......	Sayers 12½p	32	......
Ash Spinning	40	......	Sheffield Brick	95	......
Bertam	17	......	Sheff. Refrshmt.	160	......
Bdg'wtr. Est. 50p	245	......	Shiloh Spinn	20	......
Clover Croft	21	......	Sindall (Wm.)	56	......
Craig & Rose £1	360	......			
Dyson (R.A.)	22	......	**IRISH**		
Ellis & McHdy	59	......			
Evans Fr'k 10p	25	......	Conv. 9% '80/82	£93⅜	......
Evered	11	......	Alliance Gas	42	−1
Fife Forge	55	......	Arnott	260	......
Finlay Pkg. 5p	16	......	Carroll (P.J.)	89	−1
Graig Ship. £1	325	+5	Clondalkin	48	+2
Hallam Sleigh 10p	3½	......	Concrete Prods.	75	......
Higsons Brew	75	......	Heiton (Hldgs.)	30	......
I.O.M. Stm. £1	147	+6	Ind. News	53	+2
Holt (Jos.) 25p	215	......	Ins. Corp.	120xd	......
Kleen-e-Ze	42	......	Irish Distillers	52	......
Lovell's Ship £1	180	......	Irish Ropes	123	......
N'thn. Goldsmith	26	......	Jacob	42½	−2½
Pearce (C. H.)	180	+10	Sunbeam	18	−1
Peel Mills	13	......	T.M.G.	125	......
Robb Caledon 5p	83	......	Unidare	55	......

OPTIONS

3-month Call rates

Industrials					
A. Brew	6½	Hawker Sidd.	40	Tube Invest.	30
A.P. Cement	18	House of Fraser	8	Unilever	40
B.S.R.	10	I.C.I.	25	Utd. Drapery	7½
Babcock	8	"Imps"	7	Vickers	15
Barclays Bank	25	I.C.L.	14	Woolworths	6
Berry Wiggins	5	Inveresk	7	**Property**	
Beecham	32	Ladbroke	11		
Boots Drug	12	Legal & Gen.	12	Brit. Land	3½
Bowaters	16	Lex Service	5	Cap. Counties	3
B.A.T.	21	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	5	Intreuropean	7
Brown (J.)	17	London Brick	5	Land Secs.	14
Burton 'A'	6	Lonrho	8	MEPC	7
Cadburys	5	Lucas Inds.	20	Peachey	6
Cavenham	10	"Mums"	7	Samuel Props.	4½
Courtaulds	10	Mrks. & Spncr	10	Town & City	1½
Debenhams	8	Midland Bank	25		
Distillers	13	Nat. West. Bank	22	**Oils**	
Dunlop	8½	Do. Warrants	9		
Eagle Star	11	P & O Dfd.	12	Brit. Petroleum	60
E.M.I.	20	Plessey	7	Burmah Oil	8
Gen. Accident	17	R.H.M.	5	Shell	20
Gen. Electric	17	Rank Org. 'A'	18	Ultramar	14
Glaxo	36	Reed Intl.	20	**Mines**	
Grand Met.	7	Reyrolle	12		
G.U.S. 'A'	18	Spillers	4	Charter Cons.	15
Guardian	18	Tesco	4	Charterhall Fin.	4
G.K.N.	25	Thorn 'A'	22	Cons. Gold	15
		Trust Houses	13	Rio T. Zinc	18

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday April 5 1977

Generous rate on new bond to encourage fund switch

BY MICHAEL BLANDEN

THE GOVERNMENT is offering apparently generous interest rates to persuade foreign official holders to switch their sterling holdings into the new foreign currency bonds being offered by the U.K.

Details of the bonds were released yesterday by Mr. Denis Healey, the Chancellor of the Exchequer, in a written Parliamentary Answer. The bonds are being offered in a choice of four currencies, for periods ranging from 5 to 10 years.

Basle package

The foreign currency bonds form part of the package agreed at Basle in January, when along with the new arrangements for the safety net for the sterling balances, Britain committed itself to encouraging an orderly run-down of official sterling holdings.

These total at present about £2.5bn., although it is not expected that the whole of this amount is likely to be switched into the currency bonds. The countries involved are expected to retain some sterling as working balances, and it is unclear how much will be subscribed for the bonds.

The official holders—about 20 countries, but with half a dozen or so accounting for the bulk of the amounts involved—are being given ten days to decide how much they want to buy of the bonds, with subscriptions due on April 14. They have, however, already had advance warning of the proposal and extensive preliminary soundings have been made by the Bank of England.

The interest rates compare favourably with rates on roughly comparable Euromarket securities. This has been done both to ensure that Britain is seen to have made a convincing effort to encourage a switch of funds, and to take account of the exceptional nature of the bonds including their limited profitability and the large minimum subscription of $2m. or its equivalent.

TERMS OFFERED	
5 year dollar bonds	8¾%
7 year dollar bonds	8¾%
10 year dollar bonds	8⅞%
7 year D-Mark bonds	7½%
7 year Sw.frs. bonds	5½%
7 year Yen bonds	8%

Mr. Healey stressed yesterday that subscribers were expected to buy only from existing sterling holdings "and will be expected normally to retain the bonds to redemption."

The bonds will, however, be negotiable, and arrangements have been made to assist holders to sell their bonds if they need to do so. While the bonds are being offered only to official holders, there is no bar on subsequent disposal to others.

Mr. Healey added that the terms "incorporate deliberate adjustments to reflect that the bonds are not on all fours with normal market issues or placements."

Up to three-quarters of the total may be in U.S. dollars, under the agreement with the U.S., and dollar bonds are being offered in three different maturities. Three other currencies are also being offered, D-Marks, Swiss francs and Japanese yen, although it is understood that an absolute limit has been agreed with each of the countries involved.

To ensure the ability of holders to sell the bonds, an arrangement has been reached with 20 leading banks and securities houses to help them to find buyers. The Bank for International Settlements has also agreed to help if necessary.

The Bank of England is also ready to make arrangements to insulate the sterling markets from any disruption which might be caused by conversion of sterling holdings, standing ready to take securities direct from holders.

Other yields

Mary Campbell writes: On the face of it, the rates being offered on the bonds look exceedingly generous by comparison with yields on other new issues at present on offer in the international bond market.

In the case of the dollar denominated bonds, the 8¾ per cent. being offered by Britain for five-year paper compares with 7¾ per cent. being offered by a private sector Japanese company (under bank guarantee): the 8¾ per cent. on the seven-year bonds compares with 8 per cent. being offered by a private sector Danish bank; and the 8⅞ per cent. on the ten-year dollar bonds compares with 7½ and 8 per cent. being offered by two Canadian borrowers.

In Germany, the Kingdom of Sweden is at present offering 6½ per cent. for seven-year money, a full point below the 7½ per cent. being offered by Britain.

Parliament Page 18

French steel company cuts jobs

BY DAVID CURRY

PARIS, April 4.

FRANCE'S leading steel company, Usinor, is to reduce its workforce by more than 3,700 this year in the first stage of the restructuring of the national steel industry which will cause the loss of about 20,000 jobs between now and 1980.

The main effect of the Usinor move will be felt in the Lorraine town of Thionville where the company is closing 80 per cent. of its capacity. This involves mainly small scale merchant steel plants, but it includes the cancellation of an oxygen steel investment announced only last summer which has already received Frs.120m. (£15m.) State aid. About 3,000 jobs will be lost in Thionville.

Week of action

The Communist-led CGT union has described the move as "a criminal act" which could only have happened with Government approval. The union is talking about occupying the factories. The CFDT is to organise a week of action while the new Communist-led town council has called an extraordinary public session for to-morrow.

About 720 jobs will be lost in the northern steel centre of Louvroil in the Sambre valley. It is expected that between now and the end of the decade Sacilor, France's other big steel maker, will lose about 9,000 jobs, including 1,000 redundancies. Altogether in Lorraine, France's ancient steel making region, about 15,600 jobs will be lost by 1980, the majority of them this year.

The loss of jobs is part of the Government sponsored plan to restructure the loss-making industry. This is expected to see the State taking a bigger share in the capital of steel companies in return for finance and might be linked with some worker participation and share ownership scheme.

Publication of the plan may be delayed since it is reported that M. Raymond Barre, the Prime Minister, has called for the re-evaluation of some of the conclusions reached by the civil service team which has been examining the problems affecting the industry.

Early retirement at 56 years and eight months of age, voluntary redundancy and transfers to Usinor's modern plant at Dunkirk or at Fos on the Mediterranean will limit the company's redundancies.

The company had a consolidated loss of Frs.1.24bn. last year on a turnover of Frs.10bn. in addition to the deficit of Frs.1.22bn. in 1975. It will probably end this year with a similar loss. While its flat products destined for the motor and household equipment industries has held up relatively well, its steel plate activities and output of long products have suffered severely from the recession in the heavy capital goods sector.

Dock strikes

Ironically, Usinor's modern steel plant at Dunkirk is at the centre of the bitterest of France's latest rash of strikes. Two one-day national strikes have already been called in the docks by the CGT in protest at the company's refusal to employ on its private raw material wharf a regular port docker to supervise the initial phase of the unloading.

The port itself has been almost totally shut since the middle of March, and a mounting volume of exports is being delayed as well as vital raw material imports for coastal industries.

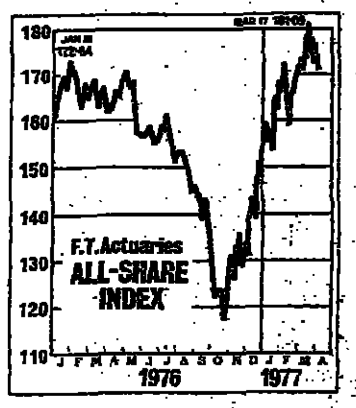
Meanwhile, about 1,800 workers in the railway and marine engines division, of Chantiers de L'Atlantique (now Alsthom-Atalantique) will lose 26 days work up to September because of lack of orders.

THE LEX COLUMN

Dose of reality from Glaxo

Yesterday's Price Commission Bill shows that any failure to agree a Stage Three pay policy would also mean the end of dividend controls. The latter can only be extended for as long as the Price Code provisions supporting the pay policy are operative. In effect, this means the pay guidelines must be capable of being enforced through margin controls or in investigations.

Index fell 6.9 to 405.6



Glaxo

The market's expectations for Glaxo had run well ahead of reality, and the shares fell 18p last night to 465p on pre-tax profits of £39.3m. That is 40 per cent. ahead of the comparable figure, (now revised upwards by £1.3m. to take in end-June exchange rates) but is some way short of the £45.8m. recorded for the second six-months last time, despite a slight further increase in external sales. January-June 1976 did, however, take in some £5m. of exchange gains which were almost absent in July-December, and do not look like being a material factor in the current half-year either.

Given that exchange effects have largely been eliminated by the currency adjustment, which reduced first half on first half sales growth to 26 per cent. (excluding wholesaling) from 34 per cent. according to the originally published figure, the chief impression from the interim figures is one of strong volume growth. In the U.K., sales growth of 30 per cent. was bolstered by the May, 1976, price rises, but overseas prices seem to have been fairly stable, and of little help to a 22 per cent. rise in U.K. exports to £53m.

Partly this strong volume reflects bulk penicillins, which have little impact on profits. But in the U.K. the food interests have performed well, and the anti-asthmatic drugs Ventolin and Becotide are into a highly profitable phase rather earlier than overseas. In antibiotics the cephalosporins continue to be a growth sector. Geographically Europe and Japan have done well, although the gains have been well spread.

For the longer term Glaxo's potential rests in new products like the anti-hypertensive Trandate, just launched in the U.K., and in its plans for a marketing push into the U.S. This year the group can presumably rely on the Northern Hemisphere coughs and colds season to boost its second half results as usual, for a total of around £90m. pre-tax. This could bring the p/e down to just over 9, but the yield is an insignificant 3.3 per cent.

Ocean Transport

Ocean Transport's profits for 1976 emerge at £41.2m. pre-tax compared with a forecast of around £32m. made as recently as last September, and with £22.6m. in 1975. Behind this performance lies a profits explosion at the 49 per cent. owned associate, Overseas Containers Ltd., which has come up with something like £44m. in the year to November, of which over two-thirds arose during the final six months. In the previous trading period, which ran for 14 months, OCL made £21.7m.

In addition, Ocean's own trading profits have picked up sharply in the latter part of the year, with further buoyant trading on the West African routes and higher returns on the bulk side. Among the newer businesses, Ocean Inchcape has done well while Cory Distribution has finally moved into profits. And the trend in interest rates has also favoured a group which might have had anything up to £50m. of cash in its year-end balance sheet.

But it is the OCL figures which really catch the eye. A recovery in trade from Australia to Japan and Europe to Japan has helped to push volume up by over an eighth, which together with the decline in sterling has transformed the returns on this capital intensive operation. So after a difficult start OCL has built itself up in the space of eight years to what is now, in terms of p[...] biggest U.K. shipping [...] Profits should be [...] again in the current [...] ing which time the [...] vices to New Zeal[...] South Africa will g[...] way. As a result, Ocea[...] holding will come do[...] per cent. of the enlar[...] tion as from next De[...]

For its part, Ocea[...] entering an expandi[...] Having more or les[...] capital spending out[...] ing cash flow during [...] on the point of explo[...] year's rights issue w[...] sizeable liner-type [...] bulk shipping probl[...] limited to an ore/c[...] which is now losing [...] the spot market, and t[...] fied natural gas carri[...] is due for delivery [...] autumn, with no em[...] fixed until 1979.

So there is furthe[...] to come in the curr[...] And the shares, yie[...] per cent. at 157p [...] capitalisation of £172[...] retain their prime p[...] the U.K. shipping sect[...]

Rugby Portland

Since last November [...] boardroom row over Sh[...] Reddish's successor, th[...] Portland share pri[...] remained in the d[...] Against a rise in A[...] Portland Cement's sha[...] of well over a third, th[...] Portland's share price [...] by under a quarter an[...] is yielding 9.2 per cent.

So there is more than [...] two points more than [...] Rugby Portland has [...] near as large a cushion [...] seas earnings as APC[...] sharp recovery in the p[...] the Australian subsidiar[...] burn Cement has accou[...] around a third of the [...] increase in pre-tax p[...] £12.5m. for 1976. [...] Australian profits are ri[...] only half the 1970 peak [...] there is still plenty of s[...] further recovery. For the [...] year running, steel re[...] ment profits are down [...] Australian hotel intere[...] tinues to lose money. [...] Rugby Portland has i[...] its market share by [...] half a point but after a [...] per cent. drop in [...] industry deliveries U.K. [...] deliveries may fall by a [...] amount this year, and t[...] sistent profits record [...] under some pressure.

Telephone Cables order worth £104m.

By Max Wilkinson, Industrial Staff

TELEPHONE Cables, a subsidiary of General Electric Company, has won a £104m. contract for supplying a telecommunications network to 33 towns in Northern Nigeria.

With two similar orders worth £44m. the contract will give Telephone Cables (TCL) the responsibility for supplying an area the size of France.

The contracts are part of the Nigerian five-year national development plan. TCL won its first contract in Nigeria for the improvement of the telephone network in the capital of Lagos in 1975.

Last year a contract worth £33m. was signed for the installation and conversion of networks in six towns in Northern Nigeria. The third contract extends the work to 35 towns in the Kanduna and Bauchi zones of Northern Nigeria.

Training school

The contract covers all civil engineering and installation work as well as cable distribution. The main cable will be made by TCL in its Dagenham factory.

The company has already established a training school in Lagos with the object of leaving behind a nucleus of trained people to run the system.

The contract will create employment for about 1,000 people, two thirds of whom, will be recruited in Nigeria. The project is expected to take three years to complete.

Nigerian deficit Page 7

Future of price controls depends on pay pact

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE POWER to restrict profit margins and dividends with price controls will not be continued after the summer if the Government fails to agree with the unions over pay, Mr. Roy Hattersley, the Prices Secretary, said yesterday.

Under the new Price Commission Bill published yesterday dividend and margin controls will continue until July next year. The controls could be renewed for a further two years. But the provisions are contingent upon the Government and the unions agreeing a new pay policy. After 1980 new legislation would be needed if the Government wanted to continue the restrictions.

Only this part of the price controls is temporary and subject to an agreement on the wages front.

The provisions of the Bill enabling the Government to establish a new form of price controls based on a system of more wide-ranging Price Commission investigations and backed by new powers to freeze price increases and cut prices will be permanent.

Mr. Hattersley said he believed the new legislation would be more effective and potent than the existing set of controls. It would also reduce the administrative burden on industry and play an important part in the management of the mixed economy.

The new powers would, by their flexible nature, support the Government's industrial strategy. They would not inhibit growth.

The Confederation of British Industry said, however, that the publication of the Bill confirmed its worst fears about the Government's commitment to permanent price controls. "No economic case had been made for the new investigatory powers. These were not only unnecessary but potentially damaging to industry."

The Retail Consortium echoed the CBI's fears about uncertainty and warned that retailers would be reluctant to invest until the Price Commission had made it clear what rate of return on capital it was prepared to accept.

Safeguards

Despite these protestations the CBI and the consortium are expected to co-operate with the Government while arguing for adequate safeguards to be built into the new Price Code when it is published later this year.

The Bill gives the Government the power to freeze proposed price increases and distributors' profit margins on individual products for up to 12 months on the Price Commission's recommendation. The Secretary of State is given the power to implement recommendations arising from general investigations and relating to pricing practices in industry.

This last provision could lead to companies being forced to reduce their prices though the Bill places a duty on the Government to draw up a number of safeguards.

These would lay down minimum levels of profit which companies should not be prevented from earning during either the course of an investigation or as a result of recommendations or orders made following an investigation.

The main differences between the consultative document issued six weeks ago and the Bill involve clarification and amplification. Some new provisions have been added to give the Price Commission power to make recommendations in fields now covered mainly by the Office of Fair Trading, such as the display of prices and the question of recommended retail prices.

The Price Commission will have to tell the OFT if it unearths any unregistered restrictive trading agreements during its investigations.

The criteria by which prices will be judged have been changed in only one important respect. The consultative document said allowances would be made for "costs unavoidably incurred." There is no mention of "unavoidable" costs in the Bill.

News Analysis Page 10

Poll talks delay Thatcher visit

BY RICHARD EVANS, LOBBY EDITOR

MRS. MARGARET THATCHER has delayed her departure for the Far East to-day so that a special meeting of the Shadow Cabinet can decide party tactics over the forthcoming Government legislation on direct elections to the European Parliament.

The Conservative decision could be crucial to the future of the legislation and all the signs last night were that the party would opt for the first past the post system of electing MPs by a simple majority as at Westminster.

This would bring the Opposition into conflict with the Government which is veering towards a list system of proportional representation on a regional basis.

The Government White Paper setting out the options for direct elections will be debated by the Commons for two days immediately Parliament returns from the Easter recess and a Bill will be published next month. Mr. Callaghan has promised the other Common Market members that he will make every effort to get the legislation through but there is no certainty he will be able to do so with Conservative and some Labour backbench opposition.

Mrs. Thatcher and a majority of the Shadow Cabinet are strongly opposed to the introduction of any form of PR and this view was supported last night at a special joint meeting of the Tory Home Affairs, Constitution and European Committees under the chairmanship of Mr. William Whitelaw, the deputy leader.

The meeting, attended by about 80 MPs from all sections of the party, favoured by a majority of over two to one, of the first past the post system rather than a regional list.

Of the other Government options outlined in the White Paper a compulsory dual mandate between Westminster and the European Parliament at Strasbourg, and a national list system were rejected.

Continued from Page 1

Reserves

interest rates has narrowed considerably in the past couple of months.

The Government have tried to discourage a build-up of sterling balances by removing the tax exemption for foreign holders of gilt-edged stock from the issue in mid-March onwards.

Overall, no immediate further action is planned on the inflows. The prospectus on the offer of foreign currency bonds to official holders has now gone out.

The inflows reflect the Bank of England's frequent intervention to hold down the exchange rate. The strong pressure and large inflow which pushed sterling above $1.72 last week—for the first time since last September—were not reflected in yesterday's figures which cover the period up to March 28.

Previous high

Although the rise in reserves to a new record level—the previous high was $7.82bn. in November, 1974—appears very large, the authorities have stressed that a further and continuing rise will be necessary both to meet the heavy debt repayments from 1979 onwards and to provide a stronger reserve base. For example, the ratio of the reserves to imports is still low by past British and by current international standards.

The reserves will be boosted later in the year by a further $1bn. due during 1977 from the International Monetary Fund—with the next payment due around the end of May—and by the final $500m. from the Euromarket loan, due in August, or September.

Continued from Page 1

Rhodesia deadlock

to insist that Dr. Owen's forthcoming visit to Africa is merely a "fact finding" exercise. But Dr. Owen himself in a television interview at the week-end, described in broad terms the chances of any new initiative in Rhodesia as being "very slight."

Although some nationalists have been calling for a constitutional conference for at least two years, the first problem may be attendance. Dr. Owen intends to invite all four nationalist groups present at Geneva, even though he will make clear that the conference is in no sense a continuation of Geneva.

He will hope that the frontline Presidents will endorse his invitations, even though they have said that they now exclusively back the Patriotic Front led by Mr. Joshua Nkomo and Mr. Robert Mugabe.

Bishop Abel Muzorewa, whose African National Council is cited as the most likely to negotiate an internal settlement with Mr. Smith (an alternative firmly rejected by London and Washington) is to meet Dr. Owen in London on Thursday. Mr. Nkomo may also be here this week.

However, it is believed that all the nationalists, including the Patriotic Front, would welcome a constitutional conference, if only because they are thought to be worried at the loss of political and military momentum since Geneva.

There seem to be two schools of thought, perhaps representing some differences between Washington and London, as to whether Mr. Smith would attend—though he will certainly be invited.

One is that he will accept, but will use the conference as a means to delay majority rule further, backed up by the knowledge that settlement talks of any kind tends to boost white morale in Rhodesia. If this were to happen, it is feared that the new initiative could prove counter-productive.

The other suggestion is that Mr. Smith may not come and that this might be beneficial. There is a growing belief both in London and Washington that he has no intention of handing over real power. A constitutional conference could be used to isolate him in the hope that other whites, readier to negotiate, will emerge in Salisbury.

This agreement is open to the immediate objection that there is no point in talking of a settlement unless the man who wealds effective power now is involved.

Weather

U.K. TO-DAY

RAIN at times. Rather cold.

London, S.E. England, E. Anglia, Channel Is.

Cloudy. Rain later. Wind W., fresh. Max. 9C (48F).

Cent. S. England, Midlands, N. Wales, I. of Man, N. Ireland

Cloudy with occasional rain. Wind W., fresh. Max. 8C (46F).

E., N.W., Cent. N. and N.E. England, Lakes, S.W. Scotland, Argyll

Mainly cloudy. Occasional rain. Wind W., fresh. Max. 8C (46F).

S. Wales

Cloudy. Rain later. Wind W., fresh. Max. 8C (46F).

Borders, Edinburgh, Aberdeen, Glasgow, Cent. Highlands, Moray Firth, N.E. and N.W. Scotland

Cloudy. Rain with snow over hills. Wind W., strong. Max. 5C (41F).

Orkney, Shetland

Bright intervals. Sleet or snow showers. Wind N.W., strong. Max. 3C (37F).

Outlook: Showery. Cold.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Alexandria.	C	21	70	Luxemb'g.	C	2	36
Amstdm.	C	7	45	Madrid	C	14	57
Athens	F	19	66	Manchestr.	S	7	45
Bahrain	S	28	82	Melbourne	S	24	75
Barcelona	S	16	61	Mexico C.	S	20	68
Beirut	S	20	68	Montreal	C	−1	30
Belfast	C	8	46	Moscow	R	5	41
Belgrade	C	12	54	Munich	F	10	50
Berlin	C	7	45	Newcastle	C	7	45
Brmghm.	C	6	43	New York	C	9	48
Bristol	C	6	43	Oslo	F	5	41
Brussels	S	9	48	Paris	C	7	45
Budapest	F	12	54	Perth	S	24	75
B. Aires	S	24	75	Prague	S	9	48
Cairo	C	26	79	Reykjavik	R	5	41
Cardiff	F	8	46	Rio de J'o.	R	22	72
Cologne	C	6	43	Rome	C	18	64
Copnhagn.	[illegible]	7	45	Singapore	S	26	79
Dublin	C	7	45	Stockholm	S	3	[illegible]
Edinburgh	C	7	45	Strasbrg.	R	7	45
Frankfurt	C	7	45	Sydney	S	26	79
Geneva	C	10	50	Tehran	S	22	72
Glasgow	F	7	45	Tel Aviv	S	20	68
Helsinki	F	3	37	Tokyo	S	12	54
H. Kong	S	21	72	Toronto	C	1	34
Jo'burg.	S	20	68	Vienna	F	11	52
Lisbon	C	15	59	Warsaw	C	8	43
London	F	7	45	Zurich	C	10	50

HOLIDAY RESORTS

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Las Plms.	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]	Luxor	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]
Casablanca	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]
Cape Town	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]
Florence	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Funchal	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Guernsey	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Inverness	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Isle of Man	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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